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# AMERICAN IDEALS

*versus*

# THE NEW DEAL

*By*

HERBERT HOOVER

*This Booklet Comprises a Series of Ten Addresses  
upon Pressing National Problems*

*Fourth Printing*

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HERBERT HOOVER

LIBRARY

Southwest Texas State Teachers College  
San Marcos, Texas

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## Contents

	PAGE
Crisis to Free Men <i>Address delivered to Republican National Convention, Cleveland, June 10, 1936</i>	4
The Bill of Rights <i>Address delivered at San Diego, California, September 17, 1935</i>	13
Spending - Deficits - Debts, and Their Consequences <i>Address delivered at Oakland, California, October 5, 1935</i>	17
The Expenditures Imposed on the People by the New Economic Planning, Its Consequences and Some Remedies It Requires <i>Address delivered at New York, November 16, 1935</i>	27
The New Deal Further Explored - With Special Ref- erence to the Bank Panic and to Relief <i>Address delivered at St. Louis, Missouri, December 16, 1935</i>	35
Further Explorations of the New Deal, Including Agricultural Policies <i>Address delivered at Lincoln, Nebraska, January 16, 1936</i>	45
The Confused State of the Union <i>Address delivered at Portland, Oregon, February 12, 1936</i>	54
The Choice for Youth <i>Address delivered at Colorado Springs, March 7, 1936</i>	63
Has the New Deal Solved Our National Problems? <i>Address delivered at Fort Wayne, Indiana, April 4, 1936</i>	74
The Obligations of the Republican Party to the Amer- ican People <i>Address delivered at Philadelphia, Pennsylvania, May 14, 1936</i>	86



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# Crisis to Free Men

*Address delivered to  
Republican National Convention*

CLEVELAND, OHIO

June 10, 1936

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IN this room rests the greatest responsibility that has come to a body of Americans in three generations. In the lesser sense this is a convention of a great political party. But in the larger sense it is a convention of Americans to determine the fate of those ideals for which this nation was founded. That far transcends all partisanship.

There are elemental currents which make or break the fate of nations. There is a moral purpose in the universe. Those forces which affect the vitality and the soul of a people will control their destinies. The sum of years of public service in these currents is the overwhelming conviction of their transcendent importance over the more transitory, even though difficult, issues of national life.

I have given about four years to research into the New Deal, trying to determine what its ultimate objectives were, what sort of a system it is imposing on this country.

To some people it appears to be a strange interlude in American history in that it has no philosophy, that it is sheer opportunism, that it is a muddle of a spoils system, of emotional economics, of reckless adventure, of unctuous claims to a monopoly of human sympathy, of greed for power, of a desire for popular acclaim and an aspiration to make the front pages of the newspapers. That is the most charitable view.

To other people it appears to be a cold-blooded attempt by starry-eyed boys to infect the American people by a mixture of European ideas, flavored with our native predilection to get something for nothing.

You can choose either one you like best. But the first is the road of chaos which leads to the second. Both of these roads lead over the same grim precipice that is the crippling and possibly the destruction of the freedom of men.

Which of these interpretations is accurate is even disputed by alumni of the New Deal who have graduated for conscience's sake or have graduated by request.

In Central Europe the march of Socialist or Fascist dictatorships and their destruction of liberty did not set out with guns and armies. Dictators began their ascent to the seats of power through the elections provided by liberal institutions. Their weapons were promise and hate. They offered the mirage of Utopia to those in distress. They flung the poison of class hatred. They may not have maimed the bodies of men, but they maimed their souls.

The 1932 campaign was a pretty good imitation of this first stage of European tactics. You may recall the promises of the abundant life, the propaganda of hate.

Once seated in office, the first demand of these European despotisms was for power and "action." Legislatures were told they "must" delegate their authorities. Their free debate was suppressed. The powers demanded are always the same pattern. They all adopt planned economy. They regimented industry and agriculture. They put the government into business. They engaged in gigantic government expenditures. They created vast organizations of spoils henchmen and subsidized dependents. They corrupted currency and credit. They drugged the thinking of the people with propaganda at the people's expense.

If there are any items in this stage in the march of European collectivism that the New Deal has not imitated it must have been an oversight.

But at this point this parallel with Europe halts—at least for the present. The American people should thank Almighty God for the Constitution and the Supreme Court. They should be grateful to a courageous press.

You might contemplate what would have happened if Mr. Roosevelt could have appointed enough Supreme Court Justices in the first year of his administration. Suppose these New Deal acts had remained upon the statute books. We would have been a regimented people. Have you any assurance that he will not have the appointments if he is re-elected?

## DENOUNCES "MINISTERS" WHOM ROOSEVELT RETAINS

The succeeding stages of violence and outrage by which European despotisms have crushed all liberalism and all freedom have filled our headlines for years.

But what comes next in the United States? Have the New Dealers dropped their ideas of centralization of government? Have they abandoned the notion of regimenting the people into a planned economy? Has that greed for power become cooled by the resistance of a people with a heritage of liberty? Will they resume if they are re-elected?

When we examine the speeches of Tugwell, Wallace, Ickes and others, we see little indication of repentance.



Let me say this: America is no monarchy where the Chief of State is not responsible for his Ministers. It has been traditional in our government since the beginning that the important officials appointed by the President speak in tune with his mind. That is imperative if there is to be intellectual honesty in government.

President Roosevelt finds no difficulty in disciplining his officials. Witness the prompt dismissal of those who did not publicly agree with him. The President will not discharge these men on whom his New Deal is dependent. No matter what the new platform of the New Deal party may say, the philosophy of collectivism and that greed for power are in the blood of some part of these men. Do you believe that if re-elected they intend to stand still among the wreckage of their dreams? In the words of Mr. Hopkins, perhaps we are too profanely dumb to understand.

#### SAYS NEW DEAL LAWS ATTACK OUR FREEDOM

So much for the evidence that the New Deal is a definite attempt to replace the American system of freedom with some sort of European planned existence. But let us assume that the explanation is simply hit-and-run opportunism, spoils system and muddle.

We can well take a moment to explore the prospects of American ideals of liberty and self-government under that philosophy. We may take only seven short examples:

The Supreme Court has reversed some ten or twelve of the New Deal major enactments. Many of these acts were a violation of the rights of men and of self-government. Despite the sworn duty of the Executive and Congress to defend these rights they have sought to take them into their own hands. That is an attack on the foundations of freedom.

More than this, the independence of the Congress, the Supreme Court and the Executive are pillars at the door of liberty. For three years the word "must" has invaded the independence of Congress. And the Congress has abandoned its responsibility to check even the expenditures of money. They have turned open appropriations into personal power. These are destructions of the very safeguards of free people.

We have seen these gigantic expenditures and this torrent of waste pile up a national debt which two generations cannot repay. One time I told a Democratic Congress that "You cannot spend yourselves into prosperity." You recall that advice did not take then. It hasn't taken yet.

Billions have been spent to prime the economic pump. It did employ a horde of paid officials upon the pump handle. We have seen the frantic attempts to find new taxes on the rich. Yet three-quarters of the bill will be sent to the average man and the poor. He and his wife and his grandchildren will be giving a quarter of all their

working days to pay taxes. Freedom to work for himself is changed into a slavery of work for the follies of government.

#### EXPLOSIVE INFLATION IS SEEN IN BORROWING

We have seen an explosive inflation of bank credits by this government borrowing. We have seen varied steps toward currency inflation that have already enriched the speculator and deprived the poor. If this is to continue, the end result is the tears and anguish of universal bankruptcy and distress. No democracy in history has survived the final stages of inflation.

We have seen the building up of a horde of political officials. We have seen the pressures upon the helpless and destitute to trade political support for relief. Both are a pollution of the very fountains of liberty.

We have seen the most elemental violation of economic law and experience. The New Deal forgets it is solely by production of more goods and more varieties of goods and services that we advance the standard of living and security of men. If we constantly decrease costs and prices and keep up earnings, the production of plenty will be more and more widely distributed. These laws may be restitched in new phrases but they are the very shoes of human progress.

We had so triumphed in this long climb of mankind toward plenty that we had reached Mount Pisgah, where we looked over the promised land of abolished poverty. Then men began to quarrel over the division of the goods. The depression produced by war destruction temporarily checked our march toward the promised land.

Then came the little prophets of the New Deal. They announce the striking solution that the way out is to produce less and to increase prices so the people can buy less. They have kept on providing some new restriction or burden or fright down to a week ago.

At least it has enabled the New Deal to take a few hundred thousand earnest party workers to the promised land. It takes the rest of us for a ride into the wilderness of unemployment.

#### SEES MOTHER HUBBARD SCHOOL OF ECONOMICS

Can democracy stand the strain of Mother Hubbard economics for long? Will there be anything left in the economic cupboard but a bone?

Any examination of the economic muddle of the past three years shows the constant threat of price fixing, restriction of production and drive against small business. That is the soul of monopoly. That has maintained from the NRA to the last tax bill. These are old tricks in no new disguise which put shackles upon the freedom of men.

In desperate jumping from one muddle to another we have seen



repeated violation of morals and honor in government. Do I need recall the repudiation of obligations, the clipping of the coin, the violation of trust to guard the Constitution, and the coercion of the voter? When the standards of honor and morals fail in government, they will fail in a people.

There are some moral laws written in a Great Book. Over all there is the Gospel of Brotherhood. For the first time in the history of America we have heard the gospel of class hatred preached from the White House. That is human poison far more deadly than fear. Every reader of the history of democracy knows that is the final rock upon which all democracies have been wrecked.

There is the suggestion in the Gospels that it is the meek who will inherit the earth. The New Deal will have little inheritance. There are recommendations as to righteousness for righteousness' sake only. I will not elaborate that.

If all this is the theory and practice of muddle, where has it brought us, even now? We have spent \$15,000,000,000 more than the last Republican administration. We have a debt ten billions greater than even the great war debt. After three years we still have the same number of unemployed that we had at the election of November, 1932. These actions are bringing injury to the well-being of people it purports to serve. It has produced gross reactionarism in the guise of liberalism. And above all, the New Deal has brought that which George Washington called "alterations which may impair the energy of the system and thus overthrow that which cannot be directly overthrown."

Republicans! After a hundred and fifty years, we have arrived at that hour.

#### AMERICANISM POISONED BY NEW DEAL, HE SAYS

The New Deal may be a revolutionary design to replace the American system with despotism. It may be the dream stuff of a false liberalism. It may be the valor of muddle. Their relationship to each other, however, is exactly the sistership of the witches who brewed the caldron of powerful trouble for Macbeth. Their product is the poisoning of Americanism.

The President has constantly reiterated that he will not retreat. For months, to be sure, there has been a strange quiet. Just as the last campaign was fought on promises that have been broken, so apparently this campaign is to be slipped through by evasion.

But the American people have the right to know now, while they still have power to act. What is going to be done after election with these measures which the Constitution forbids and the people by their votes have never authorized? What do the New Dealers propose to do with these unstable currencies, unbalanced budgets, debts and taxes? Fifty words would make it clear. Surely the propaganda

agencies which emit half a million words a day could find room for these fifty. I noticed they recently spent 300 words on how to choose a hat. It is slightly more important to know the fate of a nation.

You have the duty to determine the principles upon which the Republican party will stand. You make the laws of the party. Whether it is within the party or a government, our system is a government of laws and not of men, and the Republican party holds its promises and its laws.

The immediate task is to set the country on the road of genuine recovery from the paths of instability. We have enough inventions and enough accumulated needs to start the physical rebuilding of America. The day the Republican party can assure right principles we can turn this nation from the demoralization of relief to the contentment of constructive jobs. Herein—and herein alone—is a guarantee of jobs for the 11,000,000 idle based upon realities, and not on political claptrap.

In the meantime, the party which organized efficient relief of the unemployed three years before the New Deal was born will not turn from those in need. That support to distress comes from the conscience and sympathy of a people, not from the New Deal.

#### SAYS PARTY'S FIRST JOB IS TO PUT MEN TO WORK

Four years ago I stated that the Republican party must undertake progressive reforms from evils exposed by the boom and depression. But I stated our first job was to restore men to work. The New Deal has attempted many reforms. They have delayed recovery. Parts of them are good. Some have failed. Some are tainted with collectivist ideas. That task must be undertaken anew by the Republican party.

A new danger is created to the Republic in that the swing from the foolishness of radicalism may carry us to the selfishness of reaction.

The Republican party must achieve true social betterment. But we must produce measures that will not work confusion and disappointment. We must propose a real approach to social evils, not the prescription for them, by quacks, of poison in place of remedy.

We must achieve freedom in the economic field. We have grave problems in relation of government to agriculture and business. Monopoly is only one of them. The Republican party is against the greed for power of the wanton boys who waste the people's savings. But it must be equally adamant against the greed for power and exploitation in the seekers of special privilege. At one time I said: "We can no more have economic power without checks and balances than we can have political power without checks and balances. Either one leads to tyranny."

The Republican party must be a party that accepts the challenge



of each new day. The last word in human accomplishment has not been spoken. The last step in human progress has not been made. We welcome change when it will produce a fairer, more just and satisfying civilization. But change which destroys the safeguards of free men and women are only apples of Sodom.

Great calamities have come to the whole world. These forces have reached into every calling and every cottage. They have brought tragedy and suffering to millions of firesides. I have great sympathy for those who honestly reach for short cuts to the immensity of our problems.

While design of the structure of betterment for the common man must be inspired by the human heart, it can only be achieved by the intellect. It can only be builded by using the mold of justice, by laying brick upon brick from the materials of scientific research; by the painstaking sifting of truth from the collection of fact and experience. Any other mold is distorted; any other bricks are without straw; any other foundations are sand. That great structure of human progress can be built only by free men and women.

The gravest task which confronts the party is to regenerate these freedoms.

There are principles which neither tricks of organization, nor the rigors of depression, nor the march of time, nor New Dealers, nor Socialists, nor Fascists can change. There are some principles which came into the universe along with the shooting stars of which worlds are made, and they have always been and ever will be true. Such are the laws of mathematics, the law of gravitation, the existence of God and the ceaseless struggle of humankind to be free.

Throughout the centuries of history, man's vigil and his quest have been to be free. For this, the best and bravest of earth have fought and died. To embody human liberty in workable government, America was born. Shall we keep that faith? Must we condemn the unborn generations to fight again and to die for the right to be free?

There are some principles that cannot be compromised. Either we shall have a society based upon ordered liberty and the initiative of the individual, or we shall have a planned society that means dictation, no matter what you call it or who does it. There is no half-way ground. They cannot be mixed. Government must either release the powers of the individual for honest achievement or the very forces it creates will drive it inexorably to lay its paralyzing hand more and more heavily upon individual effort.

Less than twenty years ago we accepted those ideals as the air we breathed. We fought a great war for their protection. We took upon ourselves obligations of billions. We buried our sons in foreign soil. But in this score of years we have seen the advance of collectivism and its inevitable tyranny in more than half the civilized world. In this thundering era of world crisis distracted America stands confused and uncertain.

#### WARNS REPUBLICANS OF WHIG PARTY'S FATE

The Whig party temporized, compromised upon the issue of slavery for the black man. That party disappeared. It deserved to disappear. Shall the Republican party deserve or receive any better fate if it compromises upon the issue of freedom for all men, white as well as black?

You of this convention must make the answer.

Let us not blink the difficulties. Throughout the land there are multitudes of people who have listened to the songs of sirens. Thousands of men, if put to the choice, would willingly exchange liberty for fancied security even under dictatorship. Under their distress they doubt the value of their own rights and liberties. They do not see the Constitution as a fortress for their defense. They have been led to believe that it is an iron cage against which the wings of idealism beat in vain.

They do not realize that their only relief and their hope of economic security can come only from the enterprise and initiative of free men.

Let this convention declare without shrinking that the source of economic prosperity is freedom. Man must be free to use his own powers in his own way. Free to think, to speak, to worship. Free to plan his own life. Free to use his own initiative. Free to dare in his own adventure. It is the essence of true liberalism that these freedoms are limited by the rights of others.

Freedom both requires and makes increased responsibilities. There is no freedom from exploitation of the weak or from the dead hand of bureaucracy.

#### TODAY'S ISSUES HELD BIGGER THAN PAYROLLS

There's something vastly bigger than payrolls, than economics, than materialism at issue in this campaign. The free spirit of men is the source of self-respect, of sturdiness, of moral and spiritual progress. With the inspirations of freedom come fidelity to public trust, honor and morals in government. The social order does not rest upon orderly economic freedom alone. It rests even more upon the ideals and character of a people. Governments must express those ideals in frugality, in justice, in courage, in decency, and in regard for the less fortunate, and, above all, in honor. Nations die when these weaken, no matter what their material prosperity.

Fundamental American liberties are at stake. Is the Republican party ready for the issue? Are you willing to cast your all upon the issue, or would you falter and look back? Will you, for expediency's sake, also offer will-o'-the-wisps which beguile the people? Or have you determined to enter in a holy crusade for freedom which shall determine the future and the perpetuity of a nation of



free men? That star shell fired today over the no man's land of world despair would illuminate the world with hope.

In another great crisis in American history that great Republican, Abraham Lincoln, said: "Fellow-citizens, we cannot escape history. We . . . will be remembered in spite of ourselves. No personal significance or insignificance can spare one or another of us. The fiery trial through which we pass will light us down in honor or dishonor to the latest generation. . . . We—even we here—hold the power and bear the responsibility. We shall nobly save or meanly lose the last, best hope of earth. . . . The way is plain. . . . A way which, if followed, the world will forever applaud."

Republicans and fellow-Americans! This is your call. Stop the retreat. In the chaos of doubt, confusion and fear yours is the task to command. Stop the retreat, and, turning the eyes of your fellow-Americans to the sunlight of freedom, lead the attack to retake, recapture and reman the citadels of liberty. Thus can America be preserved. Thus can the peace, plenty and security be re-established and expanded. Thus can the opportunity, the inheritance and the spiritual future of your children be guaranteed. And thus you will win the gratitude of posterity and the blessings of Almighty God.

## The Bill of Rights

*Address delivered on Constitution Day*

SAN DIEGO, CALIFORNIA

September 17, 1935

IN THE twelve minutes which I occupy in this discussion I shall refer to but one phase of the Constitution in its many bearings upon national life—that is the Bill of Rights.

Today the Constitution is indeed under more vivid discussion than at any time since the years before the Civil War. The background of that issue was negro slavery, but in the foreground was the Constitutional question of States' rights and in the final determination was the fate of the Union. The aroused interest of today is again the rights of men. Today the issue is the rights of the individual in relation to the government; this too involves the fate of the nation. If for no other reason, this discussion has been forced upon us because new philosophies and new theories of government have arisen in the world which militantly deny the validity of our principles.

Our Constitution is not alone the working plan of a great Federation of States under representative government. There is embedded in it also the vital principles of the American system of liberty. That system is based upon certain inalienable freedoms and protections which not even the government may infringe and which we call the Bill of Rights. It does not require a lawyer to interpret those provisions. They are as clear as the Ten Commandments. Among others the freedom of worship, freedom of speech and of the press, the right of peaceable assembly, equality before the law, just trial for crime, freedom from unreasonable search, and security from being deprived of life, liberty, or property without due process of law, are the principles which distinguish our civilization. Herein are the invisible sentinels which guard the door of every home from invasion of coercion, of intimidation and fear. Herein is the expression of the spirit of men who would be forever free.

These rights were no sudden discovery, no over-night inspiration. They were established by centuries of struggle in which men died fighting bitterly for their recognition. Their beginnings lie in the Magna Charta at Runnymede five hundred and seventy years before the Constitution was written. Down through the centuries the Habeas Corpus, the "Petition of Rights," the "Declaration of Rights," the growth of the fundamental maxims of the Common Law, marked



their expansion and security. Our forefathers migrated to America that they might attain them more fully. When they wrote the Declaration of Independence they boldly extended these rights. Before the Constitution could be ratified patriotic men who feared a return to tyranny, whose chains had been thrown off only after years of toil and bloody war, insisted that these hard won rights should be incorporated in black and white within the Constitution—and so came the American Bill of Rights.

In the hurricane of revolutions which have swept the world since the Great War, men, struggling with the wreckage and poverty of that great catastrophe and the complications of the machine age, are in despair surrendering their freedom for false promises of economic security. Whether it be Fascist Italy, Nazi Germany, Communist Russia, or their lesser followers, the result is the same. Every day they repudiate every principle of the Bill of Rights. Freedom of worship is denied. Freedom of speech is suppressed. The press is censored and distorted with propaganda. The right of criticism is denied. Men go to jail or the gallows for honest opinion. They may not assemble for discussion. They speak of public affairs only in whispers. They are subject to search and seizure by spies and inquisitors who haunt the land. The safeguards of justice in trial or imprisonment are set aside. There is no right in one's savings or one's own home which the government need respect.

Here is a form of servitude, of slavery—a slipping back toward the middle ages. Whatever these governments are, they have one common denominator—the citizen has no assured rights. He is submerged into the State. Here is the most fundamental clash known to mankind—that is, free men and women, co-operating under orderly liberty, as contrasted with human beings made pawns of dictatorial government; men who are slaves of despotism, as against free men who are the masters of the State.

Even in America, where liberty blazed brightest and by its glow shed light on all the others, it is besieged from without and challenged from within. Many, in honest belief, hold that we cannot longer accommodate the growth of science, technology and mechanical power to the Bill of Rights and our form of government. With that I do not agree. Men's inventions cannot be of more value than men themselves. But it would be better that we sacrifice something of economic efficiency than to surrender these primary liberties. In them lies a spiritual right of men. Behind them is the conception which is the highest development of the Christian faith—the conception of individual freedom with brotherhood. From them is the fullest flowering of individual human personality.

Those who proclaim that by the Machine Age there is created an irreconcilable conflict in which liberty must be sacrificed should not forget the battles for these rights over the centuries, for let it be remembered that in the end these are undying principles which spring from the souls of men. We imagine conflict not because the principles of Liberty are unworkable in a machine age, but because we have not

worked them conscientiously or have forgotten their true meaning.

Nor do I admit that sacrifice of these rights would add to economic efficiency or would gain in economic security, or would find a single job or would give a single assurance in old age. The dynamic forces which sustain economic security and progress in human comfort lie deep below the surface. They reach to those human impulses which are watered alone by freedom. The initiative of men, their enterprise, the inspiration of thought, flower in full only in the security of these rights.

And by practical experience under the American system we have tested this truth. And here I may repeat what I have said elsewhere. Down through a century and a half this American concept of human freedom has enriched the whole world. From the release of the spirit, the initiative, the co-operation, and the courage of men, which alone comes of these freedoms, has been builded this very machine age with all its additions of comfort, its reductions of sweat. Wherever in the world the system of individual liberty has been sustained, mankind has been better clothed, better fed, better housed, has had more leisure. Above all, men and women have had more self-respect. They have been more generous and of finer spirit. Those who scoff that liberty is of no consequence to the under-privileged and the unemployed are grossly ignorant of the primary fact that it is through the creative and the productive impulses of free men that the redemption of those sufferers and their economic security must come. Any system which curtails these freedoms and stimulants to men destroys the possibility of the full production from which economic security can alone come.

These rights and protections of the Bill of Rights are safeguarded in the Constitution through a delicate balance and separation of powers in the framework of our government. That has been founded on the experience over centuries including our own day.

Liberty is safe only by a division of powers and upon local self-government. We know full well that power feeds upon itself—partly from the greed of power and partly from the innocent belief that utopia can be attained by dictation or coercion.

Nor is respect for the Bill of Rights a fetter upon progress. It has been no dead hand that has carried the living principles of liberty over these centuries. Without violation of these principles and their safeguards we have amended the Constitution many times in the past century to meet the problems of growing civilization. We will no doubt do so many times again. Always groups of audacious men in government or out will attempt to consolidate privilege against their fellows. New invention and new ideas require the constant remolding of our civilization. The functions of government must be readjusted from time to time to restrain the strong and protect the weak. That is the preservation of liberty itself. We oftentimes interpret some provisions of the Bill of Rights so that they override others. They indeed jostle each other in course of changing national life—but their respective domains can be defined by virtue, by reason, and by law. And the freedom of men is not possible without virtue, reason, and law.



Liberty comes alone and lives alone where the hard-won rights of men are held inalienable, where governments themselves may not infringe, where governments are indeed but the mechanisms to protect and sustain these principles. It was this concept for which America's sons have died on a hundred battlefields.

The nation seeks for solution of many difficulties. These solutions can come alone through the constructive forces which arise from the spirit of free men and women. The purification of Liberty from abuses, the restoration of confidence in the rights of men, from which come the release of the dynamic forces of initiative and enterprise, are alone the methods through which these solutions can be found and the purpose of American life assured.

For twenty years in the service of my country at home and abroad I have dealt with the backwash of war and revolution. I have had poignant duty to observe the beginnings and the march of forces which led to the overthrow of liberty in many lands. I have known the men who fought bravely to save humanity from these catastrophes. I have one conclusion from it all.

Liberty never dies from direct attack. No one will dare rise tomorrow and say he is opposed to the Bill of Rights. Liberty dies from the encroachment and disregard of its safeguards. Its destruction can be no less potent from ignorance or desire to find short-cuts to jump over some immediate pressure. In our country, abdication of its responsibilities and powers by Congress to the Executive, the repudiation by the government of its obligations, any alteration in the authority of the Supreme Court, the centralization of authority in the Federal Government at the expense of local government, the building up of huge bureaucracies, are the same first sapping of safeguards of human rights that have taken place in other lands. Here is the cause of anxiety and concern to the thinking citizens of the United States. George Washington in his Farewell Address warned:

*"One method of assault may be to effect, in the form of the Constitution, alterations which may impair the energy of the system and thus to undermine that which cannot be directly overthrown."*

Yet every form of constructive progress can be developed within the spirit and safeguards of the Bill of Rights. That is the only foundation upon which progress may be permanent. All other foundations are the sands of disaster.

It was not the details of working provisions of the Constitution such as elections, interstate commerce, or the determination of weights and measures from which the Constitution received its inspiration. Their interpretation or change is of importance in the light of how they affect our fundamental liberties. It was not for prevalence of any form of economic or political domination that our liberties have been hallowed by sacrifice. It has not been for the triumph of machinery that we have builded and extended these liberties, but for the security and comfort of homes and human beings.

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## Spending - Deficits - Debts, and Their Consequences

*Address delivered before the  
Young Republicans of Eleven Western States*

OAKLAND, CALIFORNIA

October 5, 1935

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YOU represent the young men and women in American life. Before you is the responsibility of determining the fate of your generation. Three years ago we were warning America against the consequences of the adoption of the ideas and the system which have since been forced upon us. You have now had nearly three years in which these ideas and policies have dominated the nation.

They are no longer glowing promises of the more abundant life. They are no longer emotional expressions of high objectives or good intentions. They are practices in government. You now deal with somber realities. Now they can be examined and appraised in the cold light of daily experience.

And we have need to awake from the spell of hypnotic slogans. Phrases can be made to scintillate like the aurora borealis, but such phrases are of as much practical utility in government of a great people as the aurora itself. The issue of America is not a battle of phrases but a battle between straight and crooked thinking.

We need a return from muddling to sanity and realism. We need to test ideas and actions with the plain hard common sense which the American people possess more greatly than any other nation. We must bring that common sense into use if we are to resume the march of real progress.

The few minutes of this occasion do not afford time for examination or discussion of the enormous range of actions and confusions of public mind in these last three years. I therefore shall confine myself on this occasion to one hard, practical subject—the fiscal policies of this administration. In plain words, I will discuss this policy of deliberate spending of public money.



#### DIVISION OF BUDGET TO "JUSTIFY BORROWING"

I am taking up this issue because in this gigantic spending and this unbalanced budget is the most subtle and one of the most powerful dangers which has been set in motion by this administration. If it be continued, its result to you, the young men and women of America, is as inexorable as an avalanche.

We must first examine the record as to what is being done and then diagnose the consequences.

As to the records, if you will examine the reports of the Bureau of the Budget you will find that the Roosevelt administration has changed the form of publishing governmental accounts. That raises a barrier against easy comparisons with previous administrations.

Republican administrations were old-fashioned and simply put expenses down on one side of the ledger and receipts on the other. They did not try to fool the taxpayer or make the taxpayer feel better than he really was.

Under the New Deal the expenditures have been divided into "regular" expenditures and "emergency," or "recovery," expenditures. These are new words for an old South American and European device of dividing the budget into "ordinary" and "extraordinary" budgets.

That device is most helpful in abundant spending. By liberalism in what you designate as the "emergency" and "regular" expenditures you can blandly pronounce the ordinary budget as balanced.

Then all your deficit is concentrated in the "extraordinary," or "emergency," part of the budget, and, having made the deficit a plausible necessity, you justify borrowing and make the spending happier for everybody. The theory is that the next generation should pay for the emergencies of this generation.

#### BILLIONS OF DEBT CONFRONTING TAXPAYER

The report of the Federal Budget Bureau shows that large items which have been an essential part of the government expenditures for years have now been styled "emergency." The vast area of spending through loans guaranteed by the government is not represented in the budget with any taxpayer's liability. Under this arrangement the losses on that will come to the next generation.

And there are large items now excluded from the statements of expenditures which improve the looks of the accounts. These jugglings will no doubt ease the taxpayer's mind, but they will not relieve his pocket.

However, we can with diligence dig the facts out from under these methods, and despite all these obstacles can compute with fair certainty from the present commitments where the nation will be in another fifteen months.

The first conclusion is that all losses counted in the expenditures are now running over \$8,000,000,000 a year. The annual deficit is run-

ning nearly three and a half billions. These deficits are, of course, added to the national debt.

The second conclusion is that the unpaid government obligations which will fall upon the taxpayer at the end of the Roosevelt administration will exceed \$35,000,000,000.

The third conclusion is that this peace-time debt will at the end of 1936 exceed our World War debt by ten billions, and the cost of the peace-time New Deal threatens to exceed that of the great war.

Incidentally, outside of recoverable loans, the Roosevelt administration spending will exceed the Hoover administration by from \$14,000,000,000 to \$15,000,000,000. I always have difficulty trying to comprehend what \$14,000,000,000 or even \$3,500,000,000 really is. But I know that even the mere \$3,500,000,000 would buy me 90,000,000 suits of clothes. At least that is about one suit for every mile between the earth and the sun.

#### REPUBLICAN EFFORT TO BALANCE BUDGET

It is, of course, true that during the last years of the last Republican administration deficits were incurred. Just as advance information on misrepresentation, I may state that the deficits of those years were not as large as are being made to appear by the New Deal publications. They include expenditures which the New Deal now excludes in publishing its own accounts. They also include over two billions of loans to industry, agriculture and banks, which have since been mostly collected and spent by the New Deal administration.

But the important thing is that the Republican administration genuinely endeavored to balance the whole government budget. That was not a pious subterfuge. It was a definite program.

The record shows that in the year 1931 the Democratic Congress was urged to enact additional revenues of \$1,200,000,000 and to cooperate in a cut of \$600,000,000 of less pressing expenditures. Only a part of this revenue was wrung from the Democratic Congress after nearly six months of fighting, delay and obstruction, punctuated by vetoes of pork-barrel appropriations.

Even then over half of the recommended decreases in expenditures were rejected. Again in 1932 \$700,000,000 of additional revenues and \$300,000,000 of additional reductions in expenditures were urged, and again, after months of delay, were refused altogether.

It is not overstatement to say that had the Republican principles of balancing the budget been accepted in 1931 and 1932 the final stone in the foundation of permanent recovery would have been laid three years ago instead of deferred for years hence.

#### SPENDING CONTRASTED WITH PROMISES OF 1932

I do not need recall the promises so vigorously put forward by the Democratic platform, the Democratic candidate and the Democratic



orators in the campaign of 1932—the promises that they would balance the budget and reduce expenditures by one billion a year.

I may suggest that our opponents in 1932 would have received far less votes had they disclosed to the country their intention to increase the expenditures by \$14,000,000,000 in four years; or had they disclosed that they would maintain a deficit of three and a half billions per annum; that they would increase the numbers of the government bureaucracy by 160,000 persons and create 5,000 paid committees and commissions.

They would have lost still more votes had they informed us that they would abandon the gold standard; that they would devalue the dollar by 41 per cent; that they would repudiate government obligations; that they would seek to circumvent the Constitution; that they would attempt to socialize and regiment Americans.

It is perhaps not an overstatement that on the now demonstrated principles of this administration they could not have won the election of 1932.

But the wreckage of representative governments is strewn with broken promises.

I do not need to tell any one within the sound of my voice of that huge waste in government expenditures that is going on. Every one of you knows instance after instance of waste and folly in your own city and village. It appears day by day in the headlines of your papers. Think it over and multiply it by all the thousands of other towns and communities in the United States and get the appalling total.

#### GROWTH OF BUREAUCRACY IN FEDERAL PAYROLL RISE

I would call your attention to the numbers and potency of the army of spenders which has been created. According to the reports of the Civil Service Commission, there were about 573,000 civilian employees in the Federal Government at the end of the Coolidge administration. There were about 565,000 at the end of the Hoover administration.

There are 730,000 today. And this does not include some 100,000 part-time paid members of some 5,000 committees and agencies of one sort or another who all spend money. Nor does it include the people on relief.

The whole system of non-political appointments under the civil service which had been steadily built up by every administration for years has now been practically ignored. Almost this whole addition of 260,000 new people on the Federal payroll constitutes the most gigantic spoils raid in our history. Even Andrew Jackson appointed less than 10,000.

Whenever you increase the numbers of political bureaucracy you not only have to pay them but they are veritable research laboratories for new inventions in spending money. Bureaucracy rushes headlong into visions of the millennium and sends the bill to the Treasury. And

there are three implacable spirits in bureaucracy—self-perpetuation, expansion, and demand for more power. Moreover, they also serve to help win elections.

The Roosevelt administration is now clutched in the meshes of the gigantic spending bureaucracy which it has created. Even with expenditures of some eight billions annually, with deficits of about \$3,500,000,000, there is to be no “breathing spell” in spending, as witness the ten billions of new appropriations just passed by Congress.

One administration writer kindly assures us that the budget will be balanced four years hence in 1939. That happy ending no doubt marks the end of anything to spend.

Incidentally, the Congress supinely surrendered one of the hardest won battles of human liberty—the control of the nation’s purse.

#### COMPARISON OF RELIEF UNDER THE TWO REGIMES

When we protest at those expenditures we are met with the sneer, “Would you let the people starve?” No. Never. It was, in fact, a Republican administration that in 1930 announced that no American should go hungry or cold through no fault of his own. It organized the relief so effectively by cooperation of the Federal Government with the State and local authorities that the public health actually improved during that whole period.

And here let me pay tribute to the thousands of devoted men and women who gave of their time and energies to conduct that relief over three long years. Theirs was no political objective. Nor was it their object to spend the people’s money to prime economic pumps, nor to make social experiments which delayed real jobs. Theirs was a solicitude that those in distress from no fault of their own should be tided over until productive jobs returned.

Real relief is imperative, but its necessary and generous cost unmixed with other objectives would be but a minor part of this eight billions per annum. The presumed purpose of this spending has been to secure recovery. And we may well inquire what has been accomplished toward finding real jobs in productive industry and commerce by this roaring torrent of Federal spending and deficit.

The best measure of the depression is the number of unemployed. Justly, I take the date of the election of November, 1932, for this test. For months prior to that election unemployment had been steadily decreasing, but with the election industrial orders were canceled; the nation at once slowed down its engine.

#### SIGNS OF PROGRESS SEEN SINCE COURT DECISIONS

As the fiscal and currency policies of the New Deal were gradually disclosed, the nation skidded into a bank panic. From the day of that



election the New Deal policies dominated economic and business life.

In October, 1932, prior to the election, there were 11,585,000 people out of work, according to the American Federation of Labor. Sixty days ago, two years and eight months after the election, after all this gigantic spending, there were still 10,900,000 unemployed, according to the same authority, or a decrease of only 700,000.

And if it were not for artificial support of industry by this hugely increased flood of government money the unemployment would be greater than in 1932.

In any event, all this spending of deficits has not consequently restored genuine jobs in industry and commerce. The reduction of the unemployed was its only conceivable justification. As a matter of fact, until the Supreme Court decisions of last Spring the industrial world had been so scared as to stifle employment. By destroying confidence the administration has retarded recovery.

Since those Supreme Court decisions the nation is showing some hopeful signs of progress. Every American prays that it may be genuine and come quickly—not alone because it would end infinite misery but because with recovery would come an atmosphere in which the vast problems of the nation can be solved more rationally and more fully. They could be solved in a spirit of Americanism rather than be dominated by the spirit of Europeanism.

But whatever recovery we have is constantly endangered by this riotous spending and this unbalanced budget. We cannot spend ourselves into real prosperity. Certainly an artificial prosperity can be created by borrowing to spend, whether by individuals or governments. That is joyriding to bankruptcy.

#### ULTIMATE TAX PAYMENT BY WORKERS, PRODUCERS

These gigantic budget deficits must inevitably be paid for somehow, some time. There are only three ways to meet the unpaid bills of a government. The first is taxation. The second is repudiation. The third is inflation.

Already our country is highly taxed. Our total taxes today—Federal, State and local—are the highest of any great country in the world except the British, even in proportion to our national income. But the British have a balanced budget and are yearly reducing taxes.

We, even with our burden of taxes today, must take on the further load from a budget about 50 per cent balanced. We are on the way deeper into the morass of more and more taxes. The British are on their way out of the stifling swamp of taxation.

Who will pay these taxes? We have just seen a tax bill estimated to produce \$300,000,000 per annum. That apparently could not have been designated to meet the regular annual deficit of three and a half billions. It was put forward with the slogan "Soak the Rich."

But with the passage of that bill the rich are now "soaked." We may therefore conclude that some one else will have to meet the \$3,-250,000,000 remaining annual deficit if the bill is paid.

If it is paid by taxes, those taxes must fall on the so-called economic middle class and the poor. There is no one else left. The poor will pay out of indirect taxes, hidden in the rent and everything they buy. And when the price of the necessities of life to those who have but a living wage is advanced by hidden taxes, those people are not sharing a surplus with the government. They have no surplus.

The poor must go without something in order to pay the taxes wrapped up in the package they take from the store. Every butcher knows that today the poor are depriving themselves of bacon and meat.

The economic middle class—whether they be farmers or workers at the bench or the desk, professional or business men—produce 80 per cent of the national income. They, like the poor, will pay by indirect taxes in the cost of living, and in addition, they will pay again and again in direct taxes.

No matter where you place taxes, the bulk of them must come from those who work and produce.

#### BONDS AND BANK CREDIT "WHIRLING" THE DEFICIT

The subtle process of issuing government bonds to pay that deficit not only leaves it to be paid from your lifelong earnings, but it daily creates new dangers. No doubt these unpaid bills can be canceled by repudiation.

The New Deal form of repudiation is devaluation. We can further devalue the dollar—which is, of course, repudiation on the instalment plan. Devaluation is a modern and polite term for clipping the coin. Rome relied upon this method during its decline.

If devaluation has the inflationary effect that the New Deal claims, then in the long run it raises the prices of everything we buy and the cost of living goes up to everybody, farmer and worker alike. The loss comes out of the people. But more than that, the returns from your insurance policy, your savings account for old age, and your children, your veteran's allowance, and your old age pension, are also depleted in purchasing power.

Who then pays? It is the same economic middle class and the poor. That would still be true if the rich were taxed to the whole amount of their fortunes.

It is not my purpose to discuss the credit or currency policies of this administration but you may put it down both economically and historically that every continued government deficit has led to inflation in some form. That is the implacable avenger of profligate spending in government.

Our government today is in large degree financing its deficit by



credits from banks and financial institutions upon the government promise to pay. By this action a large part of that credit is being manufactured.

I will not take your time to describe the process. It is a sort of Dervish dance, whirling from budget deficits to government bonds, from bonds to bank credit, from bank credit to more government spending. That is one of the oldest and most dangerous expedients used by spendthrift governments. The new banking laws make it all easy.

Governments must, in some emergencies, finance through the banks. But it must be only for the short interval necessary to raise increased revenues and reduce expenses.

#### DANGER OF INFLATION WITH RUIN AS RESULT

The general public mind has been focused on the notion that inflation consists merely of printing-press money. There is also printing-press credit. That is a subtle daily increasing danger. Already it has contributed to increase the price of the things you buy and the cost of living.

The present rise in the stock market is ample proof that some people know it. There is a place on that road where there lurks an appalling national peril. We have not reached these extremes, but that is the road we are traveling. The administration may not know where they are going, but they are taking us with them.

Let us not forget that deficits and their resulting debts can be subtly accumulated to a volume where in agony democracy cannot be led to shoulder the taxes to lift them. The tragedy is that the people at large are lulled into the belief that these borrowed deficits cost them nothing; that they do not have to pay; that the money comes out of some indefinite source without obligation or burden to them.

Deficits and debts can be paid by other forms of inflation, such as printing-press money and then you go down the road that led Germany to ruin. Who paid in Germany? The economic middle class and the poor. The farmer, the worker, the business and professional people—none escaped ruin.

They paid by the loss of all their savings; they paid until they were reduced to a universal and unparalleled poverty. They paid more than this; they paid with liberty in the gutter, for universal poverty created a gigantic tyranny.

These indirect or direct schemes of inflation have been the curse of the earth since the World War. They were one of the causes of our mad speculation in 1927 to 1929. They were the immediate cause of the European collapse in 1931 and the world-wide depression.

And let me say that if the history of the last hundred years teaches anything, it is that inflation is more dangerous to a people than war.

It has been the abyss into which democracy has fallen in these recent years. It has been the cradle of tyranny in a dozen countries. And they all started by inflating bank credit.

#### SOUND FISCAL POLICY AS ANSWER TO PERILS

It is easy to overstate the dangers. We yet have time to save any such peril. But you will find that my view is a mild remonstrance compared to that of President Roosevelt's own Director of the Budget, who resigned because of these policies.

Even if these greater dangers of inflation be avoided, who will pay the bill in the end? These billions of wasteful deficits will be paid by putting the government's hands into the pockets of you who are young and keeping them there all your lifetime. It is not only a reduction of your standard of living but of your freedom and your hopes.

There can be no device by which the people may escape paying for this spending.

Here is where common sense cries out to be heard. The folly and waste must be cut out of this expenditure and the Federal budget balanced or we shall see one of these three horsemen ravage the land—Taxation, or Repudiation, or Inflation.

We are asked for a constructive program. The first step is a sound fiscal policy.

This flood of spending is but one of the many realities of the New Deal. It is your duty to examine them all with the torch of common sense and appraise them in the sole light of the future of America.

And you should examine them with open mind. You will find some that you should commend. You will find some of right objective and wrong method, such as the acts regulating securities, the old age pensions and unemployment insurance. You will find many that are destructive of every ideal and aspiration of American life and will destroy the value of all the acts that are good—and more.

And there is but one test you should apply—will these measures restore the prosperity of America? Will they restore agriculture? Will they give real jobs instead of the dole? Will they maintain personal liberty? Will they make America a happier, a better place in which to live?

In dealing with these great problems you need to remember that the shocks we have received from the war and the depression have created great despair and great discontent with representative government and individual freedom. Our system has faults, but these faults are but marginal. They must be constantly corrected.

Special privilege, exploitation of labor, the consumer, or the investor, have no right or part in it. But the soil of the American heritage of liberty is still fertile with vast harvest of human security and human betterment.



Alert opposition and incisive criticism and debate are the safeguards of a republic. But that is not enough. The vast revolution in the powers of science and technology has placed within our grasp a future and a security never hitherto glimpsed by mankind.

The people hunger for the comfort, the security, and the freedom of spirit which we know they may bring. But we would have but an empty husk should they come at the sacrifice of liberty.

Those securities will come if we do not stifle and handcuff the productive genius which alone thrives in freedom. In the large, our problem is to stimulate and utilize the great productive capacity of our people. Herein is the great constructive program—to find the road by which we may attain the vast enrichments of science and technology within the province of private enterprise and personal liberty.

Therein we must add the new upon the structure of the old—for therein lie the foundations of centuries of human effort. It will succeed not through vast generalizations but through human sympathy, detailed policies, hard common sense, and political realism. That is the greatest opportunity of statesmanship in two generations.

In the coming months the Republican party will meet in convention with the responsibility of determining its policies. It will be the most vital convention since 1860. That convention should comprise the thousand best men of the Republican party.

Theirs is the duty to enunciate great principles. They should be inspired to determine a program of policies to solve great issues.

Minor issues, petty opposition, sectional interest, group ideas, and every shred of personal ambition must be dumped, that this great responsibility, this great spiritual purpose may be accomplished.

None of these things must count in the fate of the nation. Upon the wisdom and courage of these men will depend the future of America.

# The Expenditures Imposed on the People by the New Economic Planning, Its Consequences and Some Remedies It Requires

*Address delivered before the  
Ohio Society of New York*

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YOUR committee extended to me a cordial invitation to address you on public questions. I urged that they should find somebody else. I explained that even if I were simply to read the Ten Commandments it would be interpreted as critical by the Administration at Washington. Even that hint failed to dampen their insistence. I then stated that the situation of our country was in too great danger for me or anyone to waste time in an academic discussion. That what I had to say would be in opposition to certain policies. They insisted that the Ohio Society had invited me because it was a serious body anxious for the stark, rugged truth.

Indeed, discussion of public questions is the first necessity in a republic. Free government cannot exist without free debate. By honest and bold debate alone may we prevent disaster to the security and happiness of this nation. On that anvil alone we may shape the intellectual instruments of human betterment.

I recently made an address upon the New Deal Spending, Debts, and their consequences. I purpose on this occasion to discuss what the New Deal calls "National Planning," the expenditures it imposes on the people, its consequences, and some remedies that it requires. This old and respected phrase "National Planning" has been disclosed to have powerful meanings. You might think that meant blueprints. But this sort of "National Planning" includes political management of money, credit, farming, industry, morals, and the more abundant life. Two years ago the phrase more frequently used was "Planned Economy." But as that has become so obviously "Planned Extravagance," it has been less used in these last few months. Even "National Plan-



ning" is threatened with ejection by a still newer glittering phrase, the "Third Economy." I trust it is not so expensive as the others.

Let me say at once that I am not here criticizing all the measures taken in Washington. Whatever is good should be continued. Republics must go forward, not backward, but if they would go forward they must promptly discard the bad. I am here discussing those measures which threaten to impoverish the nation.

There are two different groups of opponents of the New Deal sort of "National Planning" or "Planned Economy." One group holds that it is a deliberate plan for centralizing authority to a point where we the people can be made to do what starry-eyed young men in Washington think is good for us—whether it is good for us or not. This group believes "Planned Economy" is the American name for the European diseases which have infected us for the past three years. They feel these catch-words cloak that incarnate passion for power, the insidious end of which is the destruction of liberty and the rise of the regimented state.

The other group of opponents holds that the new "National Planning" is an attempt of a collegiate oligarchy to sanctify by a phrase a muddle of unco-ordinated reckless adventures in government—flavored with unctuous claims to monopoly in devotion to their fellow men. These opponents believe "National Planning" has either philosophy nor consistency of action.

My own conclusion is that the new "National Planning" contains any or all these elements, depending upon which New Dealer is doing the Planning for the day.

Any of these views could be confirmed by the writings of a dozen charter members of the New Deal who have now turned against the order. They could be substantiated by the writings of many who remain in it.

I do not intend on this occasion to elaborate the philosophy of "Planned Economy." It is neither conservative, liberal, nor common sense. Nor do I purpose on this occasion to discuss its Constitutional aspects. There are nests of Constitutional termites at work.

I shall simply inquire whether we ought to want this sort of "Economic Planning" and its invisible costs. It has unfolded itself through some scores of new bureaus of the Federal Government. I will not take your time to enumerate all the alphabetical agencies. I may say, however, there are only four letters of the alphabet not now in use by the Administration in Washington. When we establish the Quick Loans Corporation for Xylophones, Yachts, and Zithers, the alphabet of our fathers will be exhausted. But of course the New Russian alphabet has thirty-four letters.

We have now had three years in which to appraise the work of these agencies. They are no longer in the aurora borealis stage, with all its excitement and false promises of light. We emerge from illusion into the daylight of practical experience.

There is one consistency in all this new "National Planning," or

"Planned Economy," or "Third Economy." Every branch of these plans has the habit of carefree scattering of public money. They are haunted by no old ghost of a balanced budget. But "National Planning" thinks in phrases and slogans rather than the exactitude of the cash register. We now know that in addition to increased taxes after four years of it the bill of increased taxpayers' liabilities will be about \$14,000,000,000. If they have a cash register it certainly has an astronomical keyboard.

The obvious hope of this new "National Plan" is that by creating bank credit they can avoid adding more burdens on the poor and the economic middle class—until after the election.

These are, however, only the visible expenditures imposed on the people. The taxes of today and their sure increase in the future if these policies are not stopped are but a small part of even the money cost of "National Planning." And let no one be deluded. It is the farmer, the worker, as well as the business man, who pay the invisible costs, just as they pay the bulk of the tax assessments.

I may give you a few examples.

Judged by works and not by words, another consistency in this sort of "Economic Planning" is to limit competition and restrict production—the essence of monopoly. They have given us planned scarcity—upon which civilization always degenerates—in the place of economic plenty, upon which America has grown great. It is the more abundant life—without bacon.

One of the wheel-horses of the "National Planning"—that is the NRA—was thought to have been killed by the Supreme Court. That decision has not yet been claimed as part of the new "National Planning," although every day men are getting jobs because of it. But we are now promised a resurrection of this dead. The price of it was and will be in every household budget.

The new "National Planning" is building vast projects—perhaps useful to our grandchildren. We have to pay the cost of interest and maintenance until they come of age. This is also the New Deal door by which the government rushes into business in competition with its own citizens. The citizen loses because he cannot compete with government bookkeeping and the pipe line into the treasury. Few of these projects were even mentioned until after blank checks were drawn by Congress. This method of planning avoids exhaustion from congressional debate—and takes the limit off spending.

The new "National Planning" of relief shifted its administration from local and state authorities to a political bureaucracy centralized at Washington. That has resulted not only in stupendous waste but in the creation of a great group of permanent dependents. It has added nothing to the security and care of those deserving in distress except—expense. And we are destroying the self respect and the responsibility of self government by turning the treasury into a national grab bag. Our national ideals get little of a lift from the general attitude, "If we don't get ours someone else will."



The new "National Planning" of taxes, currency, credit, and business has raised and will continue to raise the cost of living to the farm housewife, the worker's housewife, and all other housewives. It is a deduction from economic and social security of the poor—it is not a more abundant life. It erodes the purchasing power of wages. It gives birth to strikes and inflames class conflict. During the depression years of the last Administration the loss of man days from strikes and lockouts averaged about 5,000,000 per year. During this Administration it has averaged a loss of about 18,000,000 man days per year. These gigantic losses appear in the worker's budget, not in the treasury.

The new "Economic Planning" has included repudiation of government covenants, which raises somber questions of government morals and honor. In any event it devalued the dollar by 41 per cent. It gave us the gift of "Managed Currency." As potent devices for destroying confidence these have merit. Through politically managed credit it has brought us to the threshold of devastating inflation. The stock market is already peeking into that Bluebeard's cave.

In the few moments of this address I shall explore a little further into the price and consequences of these monetary and credit policies.

There is the folly of buying foreign silver. I could at least see some reason for spending ten to fifteen million a year to subsidize employment in our Western silver mines by buying their product at a profitable price. But what earthly reason we have for buying vast amounts of foreign silver will take generations of politicians to explain. If we are to have managed currency, we do not require any metallic base. There is in fact no metallic base today. If there were, you could exchange currency for gold. If we want a metallic base, the government already has \$9,700,000,000 of gold and only \$5,600,000,000 of currency in circulation. Thus it would seem that we have plenty of metallic base for the currency when we have nearly one dollar and eighty cents in gold metal for every dollar of currency. That leaves plenty over to pay international balances. Yet we deliberately bid up the price of foreign silver by 50 per cent. Then we proceed to buy vast quantities of that commodity, for which we have no earthly use, at enormous profits to foreigners. Upon that folly we have already spent about \$250,000,000 and under the new "Economic Planning" we are to spend about \$1,000,000,000 more. The siphon runs either through the taxpayer's pocket or inflation. You can be sure no foreigner would buy this silver back from us at what we pay for it.

It is no doubt a part of our good-neighbor policies that we have joyfully subsidized every foreign speculator in silver. We have also subsidized every silver mine in Australia, India, Mexico, and Peru. But we have pursued these good-neighbor policies further. We have stirred up currency troubles in China and other silver currency countries. We have stimulated their good feelings by flooding them with bankruptcies, labor troubles, and jiggling their cost of living.

Another result of "Economic Planning" has been the attraction

of billions of gold—over two billions in two years—that we do not need for any conceivable purpose. We ought to have had goods instead. Apparently "Planned Economy" aims to become a bi-metallic Midas.

Although we cannot recall the 100 per cent dollars we can well consider the results of devaluation. We devalued the dollar 41 per cent under the hypnosis that if we reduced the length of a yard to 21.2 inches we would have more cloth in the bolt. One result is that the foreigner is shipping us more gold every day to buy our good domestic assets for the price of 21.2 inches to the yard. That is a complicated problem of New Deal economics, but if you will search around in it you will find much of interest. It is likely to represent more loss to the American people than a whole year's treasury deficit.

While on this romantic subject of currencies I may mention that when we entered new "National Planning" in currency we were promised a "managed currency" that would be adjusted to American life and conditions. Of course if it worked it would increase the cost of living by 41 per cent. Thus it would reduce the living to be obtained from all life insurance policies, college endowments, pensions, wages and salaries, and would increase the housewife's cost of living. By it we forgave 41 per cent of most of our foreign debts. That is, they can pay them to day with 41 per cent less gold than they expected to pay. You will remember those private foreign loans. They were denounced as the cause of all evil, so we now reduce the evil by reducing them 41 per cent. But offsetting all these pains, it was supposed to reduce the burden of mortgages. And equally if it works it lessens the burdens of all bonds, government and otherwise. Here we again enter higher economics, but if you explore it thoroughly you will find that the 10,000,000 stockholders of corporations, including the wicked power companies, profit at the expense of the 65,000,000 insurance policy holders. The sum of all these shifts do not make the poor any richer.

But above all this managed currency was to be thoroughly American and would make us independent of world influences. Two billions of dollars were appropriated to stabilize secretly foreign exchange and no accounting of the losses appears in the national deficit—that is, not yet. But behold! Our mystery fund has been most successful in stabilizing our currency to within a few per cent of the pound sterling for over a year. We have attained that stability which comes from leaning up against the British. We are the thirty-first member of the "Sterling Bloc" of nations. Let us remember that the British also have a managed currency, and in the "Sterling Bloc" we are only one of the thirty-one planets which revolve around the British sun. We have thus trustingly reposed in London a large influence in American values and freedom of American trade. I do not pretend to know where all this will take us, but I do know that I prefer a currency that no "National Planning" can manage for us, not even the British.

In any event so long as "managed currency" lasts the purchasing



value of the dollar lies at the whim of political government. Politics are bound to be in every government-managed currency. You can never make the American dollar ring true on the counters of the world nor on the counters of our savings banks so long as there is the alloy of politics in it. So long as it has that alloy in it people cannot invest \$100 today with full confidence as to what it will be worth in old age. One result has been delayed recovery in the construction industries and continued unemployment in millions of unhappy homes. That goes into the realm of higher economics, but I assure you it is a huge burden in money and misery on the country not included in the budget.

There is another of these huge penalties of this "Economic Planning" which may be illustrated by a bit of American history. It concerns a great mistake of the Federal Reserve System in 1927. That was before my Administration, and in any event at that time the system was independent of the Administration. It also concerns a gigantic price in human suffering.

In an effort to support the shaky financial structure of Europe, our Reserve System in 1927 joined with foreign government banks in expansion or inflation of bank credits. Some of us laymen had bitterly protested that we had no need of expanded credit, that in view of the then situation it would be dangerous. We were told it could and would be easily controlled. There were other impulses, but this inflation of bank credit contributed to set off the greatest madness of speculation and greed since the Mississippi Bubble. Men then also dreamed they were in a New Era. They resisted every warning. The controls proved ineffective. The movement collapsed of its own weight in 1929.

No human being could have believed that such griefs and tragedies ever lay in so obscure a thing as bank credit inflation. It brought hunger to the door of millions of homes. It destroyed the savings of millions of families. It created a scene of financial misdoings which have furnished the material for ceaseless attacks upon honest business. This inflation perhaps staved off for a year or two the inevitable collapse in Europe. That struck us in 1931 an already weakened nation. But such strength as we had left saved both ourselves and the world from chaos.

There are morals in that story. But there is something of far more present importance in that story than postmortem moralizing. Despite that bitter experience the new National Planners, to finance their huge spending and other purposes, have desperately resorted to the same inflation of bank credits. They, however, apparently do not believe in homeopathic doses. The dose of that same poison now injected into our national bloodstream by the New Deal is already three or four times as great as that of 1927.

They say also it can be controlled. But will the politically controlled Reserve system prove any more successful? Stated in its mildest form, this is gambling with the fate of a nation. Should these controls fail, this democracy will not survive the shock.

And "National Planning" was supposed to shake us free from vicious speculation and money changers. Of this you can be sure. Instability of currencies and inflation of credit are the green pastures upon which the speculator grows fat. He is the sole beneficiary from instability. The costs of that instability do not appear in the government budget, yet they appear in every honest business. They add to the price of every commodity.

And here the "National Planning" collides with itself. Of what value are old age pensions, or unemployment insurance, savings for old age, or any other beneficent effort under the scourge of devaluation and inflation?

I will not tire you with further examples of these invisible costs which far exceed even the torrent of government spending. There are scores more.

We can express government expenses in figures. But no mortal man can compute the costs, the burdens, and dangers imposed upon 120,000,000 people by these actions. Its cost in national impoverishment far exceeds even taxes. Its losses will be larger than the national debt.

It is a time for plain speaking and blunt statement of some fundamental principles upon these monetary and fiscal questions. And let me speak to you in old-fashioned language. When I was a boy in Iowa I learned some very simple truths about finance. I learned that money does not grow on trees; it must be earned. I learned that the first rule of a successful career is to keep expenditures within the means of paying them. I learned that the keeping of financial promises is the first obligation of an honorable man. And I learned that the man who borrows without intent to repay is headed for bankruptcy or disgrace or crime. These may be platitudes, but they are still truths.

As I have increased in years and in opportunity to study the affairs of governments, I have made a very simple but vital observation. That is that a government should have in financial matters the same standards that an honorable man has. A government must realize that money must be earned before it is spent, that a nation's word in finance must be sacredly kept, that a nation is immoral if it repudiates its obligations or inflates its mediums of exchange or borrows without regard to posterity; and, finally, that a nation which violates these simple principles will, like a man, end in dishonor and disaster. A government cannot expect financial honor in its people unless it maintains honor itself. A large part of the world's misery in all ages has come from the acts of government that ignored these principles and entered upon policies of reckless spending and debasement and repudiation.

Our country shows hopeful signs of recovery despite great hindrances. That convalescence should be speeded and made secure. We should no longer tolerate financial policies that prolong unemployment, that create fear and distrust and uncertainty, that slowly but



surely undermine the industrial structure on which the living of the whole nation depends. We should no longer tolerate a money system that is not a money system, but a hodge-podge of promiscuous ingredients that not even the Administration will attempt to name, define, or defend. We should no longer tolerate gambling in the future of a nation with the dice of inflation. We should no longer tolerate a financial policy that does not balance the budget.

The American citizen wants to know whether his savings are to be confiscated. The plain man wants to know whether his little life insurance policy is going to be worth anything at his death. The housewife wants to know whether her husband's wages are going to buy food for his family.

There is a way to settle all these questions. That way is through abandonment of present financial and fiscal policies and return to sound policies. Do you wish a constructive fiscal program?

The waste of taxpayers' money on unnecessary public works should end.

The administration of relief should be turned over to local authorities. Federal expenditures for relief should be confined to cash allowances to these authorities to the extent that they are unable to provide their own funds.

The spending for visionary and un-American experiments should be stopped.

This horde of political bureaucracy should be rooted out.

The provision of the Constitution requiring that expenditures shall only be in accordance with appropriations actually made by law should be obeyed. And they should be made for specific purposes.

The budget should be balanced, not by more taxes, but by reduction of follies.

The futile purchases of foreign silver should be stopped.

The gold standard should be re-established, even on the new basis.

The act authorizing the President to inflate the currency should be repealed.

The Administration should give and keep a pledge to the country that there will be no further juggling of the currency and no further experiments with credit inflation.

Confidence in the validity of promises of the government should be restored.

The nation seeks for solution of its many difficulties. It is groping for security from economic storms and from individual poverty. But economic security, social security, or any other security cannot be found without first restoring these primary policies of government.

These matters are no abstractions. They are not theoretical questions of academic debate. They are the invisible forces which surround every American fireside. They determine the happiness of every American home. In their rightful direction lies the safety of these homes and the fruition of their hopes. They determine the welfare of our children and the progress of our nation.

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# The New Deal Further Explored

With Special Reference to  
the Bank Panic and to Relief

*Address before the  
John Marshall Republican Club*

ST. LOUIS, MISSOURI

December 16, 1935

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IT WAS a pleasure to accept your invitation to debate national policies. There has been no time in two generations when it is more needed that men stand up and discuss public questions. The welfare of our people can make progress only upon the sunlit road of frank debate. The witchery of half truth fades only under the exposure of discussion. And there is only disaster in the dark alleys of inspired propaganda. There ideals and men are assassinated with poisonous whisperings.

I have recently discussed the New Deal at Oakland and again at New York. Since then President Roosevelt at Atlanta has entered the debate in defense of the New Deal—particularly its spending, deficits, and debts. I propose to debate so much of that statement as time permits.

You will not be astonished if we do not agree.

There recently have been some premonitions of change. In that aspect I find a newspaper dispatch dated November 28 from Los Angeles. After announcing the naming of a new street as New Deal Avenue it says: "The new street is located near the Tugwell resettlement colony. . . . Because New Deal Avenue comes to a dead end the county supervisors will arrange ample room . . . to turn around."

Perhaps more than any other living person I can sympathize with the President in his burdens. We could agree upon some acts of this Administration, but we disagree upon profound principles of human liberty. In its larger dimensions this irrepressible conflict is between the American system of liberty and New Deal collectivism. May I



again say that true American Liberalism is not the possession of any political party. Belief in it does not constitute men either Republicans or Democrats.

Three years ago, speaking in New York City, I said, "This . . . is a contest between two philosophies of government. The expressions our opponents use must refer to important changes in our . . . system otherwise . . . they are nothing but vacuous words. . . . They are proposing changes which would destroy the very foundations. . . ." That warning was denied by our opponents.

We have now had three years of it. We have seen the weakening of self-government by Federal centralization. We have seen the color of personal government in the abandonment of Congressional responsibility under Executive pressure. We have seen executive orders, propaganda, and threats substituted for specific laws. We have seen the color of despotism in the creation of a huge bureaucracy. We have seen the color of Fascism in the attempt to impose government-directed monopolies. We have seen the color of Socialism by government in business competition with citizens. We have followed the old Roman pattern in the repudiation of government obligations by the clipping of the coin. We are now speeding down the road of wasteful spending and debt, and unless we can escape we will be smashed in inflation. This is not forward-looking American Liberalism. These are the suicide roads along which so many liberal governments in Europe have plunged over the precipice to despotism. It is no kaleidoscope of glittering forms for the amusement of children.

The practical questions we have to debate separate themselves into two great battle fronts.

The first is the insidious expansion of government over the lives of the people. Unless it is arrested it means the strangling of the liberties that were born with this nation.

The second is the spending, debt, currency, and credit policies of the government. Even if they stood alone they would by continuation bring poverty and despair.

In speaking at Atlanta two weeks ago the President's first basis of defense for his gigantic spending, deficits, and debts was the assertion that "The mechanics of civilization came to a dead stop on March 3, 1933."

What happened on March 3, 1933, was an induced hysteria of bank depositors. The banking structure at large subsequently proved to be sound. That is scarcely a dead stop to civilization.

I have always believed that the newspapers are one of the mechanisms of civilization. They did not quit. At that time I saw no headlines that the farmers had ceased to till the fields. Most of you did not detect that the delivery of food to your doors had stopped. Railway managers apparently did not know that their trains had stalled. Somebody failed to inform us that the hum of our factories was silent. We still had to jump out of the way of the twenty-three million automo-

biles. Our churches, schools, and courts are a part of the mechanics of civilization. They did not close. And the Supreme Court seems to be functioning yet. If civilization came to a dead stop the press missed a great piece of news that day.

If this notion is to be the excuse for this spending and other vagaries of the New Deal, we had better examine into it further.

The truth is that the world-wide depression was turned in June-July, 1932, all over the world. That was before the election of the New Deal. That is supported by scores of leading American economists, business men, and public leaders. It is supported by the economic publications throughout the world.

That turning was aided by the measures of our Republican government. These measures were within the Constitution of the United States. They were not that futile financial juggling which has violated economic law, morals, the Constitution, and the structure of American liberty. The turning was aided by the efforts of foreign governments. Every commercial country, including the United States, surged forward. Prices rose, employment increased, the whole agricultural, financial, and business structure grew in strength. After the election of the New Deal we began a retreat. Only in the United States was there an interruption. We were the strongest and should have led the van. And we lagged behind for two years. The other countries of the world went forward without interruption. They adopted no New Deal. Apparently those nations did not hear that the mechanics of civilization came to a dead stop on March 3, 1933.

It did not come to a stop even in the United States. It was meddled with. We have not got over it yet. But why did we have a panic of bank depositors in 1933? Because they were scared. We had no bank panic from the crash of the boom in 1929. We had no panic at the financial collapse in Europe in 1931. We had no panic at the most dangerous point in the depression when our banks were weakest in the spring of 1932. There was no panic before the election of November, 1932. When did they become frightened? They became scared a few weeks before the inauguration of the New Deal on March 4, 1933.

What were they frightened of? They could not have been scared by the out-going Administration which had only a few days to run. They were frightened at the incoming New Deal. Why were they scared at the New Deal? Because soon after the election large numbers of people awoke to the fact that promises given in the campaign would be violated. Among other things it gradually spread that the gold standard would be abandoned or that the currency would be tinkered with. It was evident that a wholesale orgy of spending of public money would be undertaken. Business slackened its energies. Shrewd speculators shipped their money abroad at fabulous profits. Bankers tried to protect themselves. The public in blind fear demanded gold and the "covenants" of the United States which called for gold. Some of them were scared at the banks by the destructive



publication of RFC loans. The banking structure was not insolvent. After the banks were closed it was found that the solvent banks, measured by deposits, comprised 92 per cent of the banking strength of the country. The President himself stated they were sound. Subsequently more banks were found sound and reopened. And beyond this, important banks wrongfully closed by the New Deal, such as in the Detroit area, are now paying out 100 per cent to the depositors. It was the most political and the most unnecessary bank panic in all our history. It would have been prevented by simple co-operation.

The President in further elucidation of the stop of civilization says: "At that time our national balance sheet, the wealth versus the debts of the American public, showed we were in the 'red.'" The value of America is not the quotations in the market place—either the highs of inflation booms or the lows made in anticipation of the New Deal. He informs us, however, that some great bankers told him that the country could safely stand an increase in the national debt to between 55 and 75 billions. He adds "remember this was in the spring of 1933." Thus we are to believe that when our wealth was less than our debts we were so strong we could still borrow 55 billions. It certainly is a confusing thought. It indicates some little excess of assets and at the same time great restraint on the part of the New Deal.

The breakdown in confidence which sounded the advent of the New Deal is of course a helpful statistical point when they want to show how good they have been to us.

I have no desire to waste time over historical discussion. But correction of distortion which is used to justify destructive national policies and this high piling up of debt and taxes is imperative. It is even more imperative, as the documented facts upon that subject were published by Myers and Newton six months ago and have not been refuted.

A second defense of this spending is a grand example of New Deal bookkeeping. The President justifies the  $8\frac{1}{2}$  billion rise in debt by the New Deal by suggesting it is offset by "nearly  $4\frac{1}{2}$  billions of recoverable assets." He states also that the debt increased a little less than four billions in my Administration. The little less was \$400,000,000 less. But of more importance, he received more than \$2,200,000,000 of these recoverable assets from my Administration; or alternatively, they have realized those assets and spent the money. The President seems to have forgotten the very powerful agencies set up which were making loans for relief of agriculture and unemployment long before his Administration.

With these corrections the increase in burdens of the depression on the taxpayers in the Hoover Administration was under  $1\frac{1}{2}$  billion. Also in addition to his  $2\frac{1}{2}$  billion error in estimating New Deal debt increase during the depression under the Roosevelt Administration, the President omitted the New Deal guarantee of four or five billions in bonds of lending companies. We may expect respectable losses on these also. It is unfortunate that within ten days after that address

the national debt should have jumped another billion. And this is not the last jump. From the high signs in the government skies I venture that by next July the increase under the New Deal will be not  $9\frac{1}{2}$  billion, but 12 billion.

But now we come to the President's major defense for this gigantic spending and unpaid bills. That is the need to relieve the unemployed. I shall explore that subject, for there is no better example of the whole workings of the New Deal. Its organization is typical of the whole gamut of waste, folly, ineffectiveness, politics, and destruction of self-government. When in the face of a decrease in the unemployed the cost of relief rises from \$1,100,000,000 to an appropriation of 4.8 billion dollars for a single year it is certainly reason for searching inquiry.

Incidentally, when I comb over these accounts of the New Deal my sympathy arises for the humble decimal point. His is a pathetic and hectic life, wandering around among regimented ciphers trying to find some of the old places he used to know.

Let me say one thing right at the outset. There is no disagreement upon the public obligation to relieve distress which flows from national calamity. The support of that comes from the conscience of a people. It comes from their fidelity to the Sermon on the Mount. The American people know that the genuine sufferers on relief are not slackers. They know the weary days of tramping the streets in search for a chance to work. They know the discouragement and despair which have stalked those homes. There is not a real man or woman whose heart does not warm to them, who will not sacrifice for them.

Some five years ago I stated that, "as a nation we must prevent hunger and cold to those of our people who are in honest difficulties." I have never heard a disagreement with that. And I wish to emphasize that there is no humor in relief. It is grim human tragedy.

I believe I can without egotism claim to have had some special experience in relief. At one time or another it became my task to organize and administer relief to over one hundred and fifty million people who had been reduced to destitution by war or by famine or by flood, both at home and abroad. I gave some years to that service in the aspiration to save life, to allay suffering, to restore courage and faith in humanity.

It also became my duty in 1930 to see that relief was organized for our unemployed. Organization of relief upon a nation-wide basis was practically unknown in the world before those experiences. It therefore fell to me and my colleagues to pioneer in methods. We had to learn what basis would best and most sympathetically protect those in distress and still place the least burden on those who had to pay for it. I spent long, weary days listening to arguments whether to have direct money relief, or relief in kind, or public works or made-work or "boondoggling," or centralized administration, or decentralized responsibility. We tried out these alternatives. Out of those poignant experiences we learned certain fundamentals. We quickly learned that



there were four types of persons who rush into relief. There were the starry-eyed who periodically discover that relief is needed and that everything up to date is wrong. There were those whose major passion was sociological experiment upon a mass of distress. There were those who would make profit from misery. There were always those present who do not neglect the political possibilities of relief. But there were the sterling, solid men and women in every city and hamlet who willingly served and sacrificed.

We learned that relief was an emergency operation, not a social experiment; that the object was to serve the people in genuine distress and nobody else. We learned that the dreamers cannot effectually conduct the grinding tasks of relief; that politics must be shunned as a plague. We learned that centralized bureaucracy gives the sufferers more red tape than relief. We learned that we must mobilize on a voluntary basis the best hearts and brains in every community to serve their neighbors. We learned that there must be complete decentralization to them of both authority and administration. We did not have to learn that local self-government and local responsibility was the basis of American life.

In 1930 by cooperation with the States, we secured the creation of State committees of leading citizens. With them we secured the creation of similar committees in every city, town, and county where relief was needed. These committees had no politics. They were men and women experienced in large affairs, sympathetic, understanding of the needs of their neighbors in distress. And they served without pay. In those days one did not enter into relief of his countrymen through the portals of a payroll. American men and women of such stature cannot be had as a paid bureaucracy, yet they will serve voluntarily all hours of the day and defer their own affairs to night.

These committees used the existing officials; they engaged their own tested organizations; they employed their own trusted citizens. They had the complete authority to determine the methods best adapted to their neighborhoods. They knew the problem of the man next door better than anybody in Washington. They themselves determined for their locality what method was to be used. They adapted these needs to the individual families. Their stewardship was under the limelight of their own community. They gave spiritual aid and encouragement.

At the start the relief in 1930 depended upon private giving. As times became more difficult, the committees cooperated in the use of county and municipal funds; and as it became still more difficult many of the State governments provided them with funds. Finally, as State resources weakened, we provided Federal Government funds to be distributed to the State governments and by them redistributed to the local organizations. That we built up no bureaucracy is evident from the fact that although the government had many new emergency tasks, yet during the Hoover administration the total number of all government officials decreased by ten thousand. That form of organization expressed in its noblest form the whole American ideal of local

self-government, local responsibility, national cooperation, and the voluntary spirit of human service.

There was no important failure to provide for those in real need. There was no substantial complaint or suggestion of waste, politics, or corruption. Neither the Republican Party nor any of its agencies ever asked for votes or claimed that its administration deserved votes for it. That idea was repugnant to every decent sense of Americanism.

However, all this was forgotten on March 3, 1933. We may accept that the date of Creation was moved to March 4, and we may examine what sort of a world has been made.

At that moment good men appeared who were certain that before their advent everything was done wrong. Also came the visionaries, the profit-maker, and above all, the politician. They all yearned to serve their fellowmen.

The whole relief work was promptly centralized from Washington. State and local organizations were dismissed or reduced to mere window dressing. A paid bureaucracy was spread over the land. The history of the last two and one-half years shows the floundering of this administration. That needs no more proof than the buffeting of those in distress from FERA or PWA or its subsidiaries to EPW, then to SERA, then to CWA, partly to FRSC, then back to FERA, and over to WPA. As each of these alphabetical organizations flares up in folly and waste its victims and its accounts have been buried by juggling of the alphabet. When they are all buried their spirit will live on as IOU. Now the Federal government disavows its responsibilities for all but 3,500,000 out of the 10,000,000 unemployed. But what of the tragic anxiety in this mass of people lest they may be left out in all this shifting? That reminds them to collect a little political influence that they may not be forgotten men.

From ample experience during my administration we were compelled to the conclusion that Federal Public Works in these times except in narrow limits do not secure enough jobs to justify them. Nor does employment seem the dominant idea in the billions now being poured down such projects. Part of these billions are going into wholesale sociological experiments. Most of them are already demonstrated failures. Part of these works are to take the government into business competition with the citizen. The government pays no taxes. The treasury pays the losses. The constant threat of them retards enterprise and therefore jobs. One of the ideas in these spendings is to prime the economic pump. We might abandon this idea also for it dries up the well of enterprise.

One department of these works is of interest to the farmer. The reports of the Reclamation Service show new expansions begun in the past three years which in capital and interest will cost over \$800,000,000 to complete. We in the Far West like it. At the same time the farmer is being paid to let land lie idle. It lacks some element of horse sense. But we have been governed by paradoxes and contraries and complexes ever since "the mechanics of civilization came to a stop."



The New Dealers told us we were hungry because we had too much food and the way to repletion was through scarcity. Perhaps this reclaimed land will enable us some day to improve that third-class diet which we encourage today with scarcity, increased cost of living, and taxes.

There is something for thought also in the recent protest of the Democratic Mayor of Pittsburgh, who complains that "A job in our city done under unemployment relief methods cost \$64,000, while the contract estimate was \$18,000. This is typical of all projects to a greater or less degree." He further says that "By its methods . . . it has created a blood clot in the arteries of industry."

I do not wish to weary you with details. Anyway the taxpayer had better not complain of these gigantic wastes. He will be told he has murder in his heart through trying to starve his fellow-citizens.

We may compare the cost of these two forms of administration—the one founded on local self-government under the glare of its local public opinion; the other being run by a political bureaucracy from Washington.

Statistics are dry subjects, but just now figures are the most important thing in our national life. The entire cost of relief to unemployment during the last year of the Republican administration was about \$1,100,000,000. That includes Federal, State, municipal, county, and private giving. It includes Federal public works above normal and does not include relief to agriculture. The Federal overhead was not over \$250,000 a year. The total number of paid Federal employees was less than two hundred.

Now let us examine the respective needs in these two periods. The average of the monthly figures of the American Federation of Labor shows 11,600,000 unemployed during the last year of the Hoover administration. During the year of the New Deal ending this October the unemployed have averaged about 11,100,000. That was a decrease of the unemployment load by about 5 per cent.

Now let us note the increase in relief cost. However, the marvelous migratory habits of these relief funds from one place in the alphabet to another make them difficult hunting. But judging from Treasury and other statements the expenditures on all relief alphabets in the year ending last October for Federal, State, and local were over \$3,500,000,000. This also includes Federal Public Works over normal, but does not include relief to agriculture. There were over 140,000 officials on the Federal payroll, not including the people on relief. The salaries of these officials alone must come to about \$300,000,000 a year. It is easy to detect another \$200,000,000 in pencils, typewriters, offices, automobiles, Pullman fares, etc., not to mention press releases. That is an overhead of four or five hundred million per annum. Some increase in relief was necessary, but an increase of 300 per cent in costs in the face of a 5 per cent decrease in unemployment load is significant. And the overhead amounts to nearly one-half the whole cost of relief three years ago.

In confirmation of this, I have inquired as to the figures of several cities and counties. To cite one of them, the number on relief increased 5 per cent, the cost 250 per cent. The others confirm these increases.

Every community has been forced to conspire to get its share from the Federal grab bag. And saddest of all, the responsibility of local self-government has been dulled; we are becoming a nation of prayer wheels directed to Washington.

We may well wonder why local organization of relief, consonant with the whole spirit of democracy, has been shifted to a Federal Bureaucracy at Washington. Some part of it has to do with politics and yearning for sociological experiments. Jobs have been thereby found for over 140,000 new Federal officials. If it was decided to bureaucratize relief from Washington, then every call of good government demanded that the staff be selected by nonpartisan merit tests through the Civil Service Commission. But that service which has been built up over many years by every President was ignored and repudiated, and the spoils system substituted. You know and I know and the people know that this horde of officials has been appointed by the advice and consent of Democratic politicians.

The inevitable and driving purpose of any political bureaucracy is to use its powers to secure its jobs. The sudden appropriations to cities, counties and states were singularly timed to elections. And this is not the only method of making politics out of human misery. Governor Smith has said that nobody shoots Santa Claus. But the people may learn that there are other things moving around in the dark besides Santa Claus.

A mass of propaganda spreads over the country to the effect that relief to the unemployed originates with the New Deal and would end with the New Deal. Those in distress will not be misled. Whatever aid they receive comes not from any official or party. It comes out of the pockets of their fellow-citizens. It will not end as long as there is need or any resources left.

Do you want more proofs of waste, folly, chiselers, and petty corruption? You know it in your own town, city, or village. Read your own newspapers, whose columns periodically reek with accounts of disorganization and waste. Their editorials cry to heaven against the use being made of relief for politics. If only the money taken from the taxpayers could go to those in distress there would be less cause for public indignation.

The administration of relief needs reform right now. It needs it in the interest of good government. It needs it in the interest of the 85 per cent of our citizens who have to pay for it. They include everybody who works. The cost of these wastes and follies is collected by hidden taxes in every package that comes from the store. Or worse, we are laying it onto our children by debt. Reform is needed in the interest of the 15 per cent who are on relief, that they get better and more secure service. To the self-respecting Americans on relief these



wastes and follies are a tragedy. They know it dissipates money they need. It delays their deliverance to a real job. The inspiration of relief comes from the heart, but its effectiveness must come from the head.

As the New Deal always demands alternative plans, I offer four:

1. Stop these wasteful Federal public works projects; confine them to projects which meet the needs of the nation.

2. Decentralize the administration of all other forms of relief. Turn them back to the States and local communities. Do it in joint cooperation with the governors, mayors, and county authorities. Enlist again the voluntary services of American men and women on a nonpartisan basis. Give such responsible committees as they create the entire determination of how it should be done. Allot to the States less than one-half the present funds being spent in relief. Require the local authorities to find from their local funds at least 5 per cent as a check on waste. Require the State to do its share. Discharge most of the Federal officials connected with these relief agencies. Those in real need will be better cared for than they are today.

3. Do it now. That would go far to assure a clean election. But it is more than that. It would relieve human distress which suffers enough without the poison of politics in its bread.

4. We have a further obligation beyond relief to this ten million unemployed. True relief must come from honest productive jobs, not from public funds. Those jobs would return quickly if the currency were stabilized and this torrent of unnecessary expenditure were stopped and the budget were balanced. That would re-create confidence in the future. It would relieve the threat of inflation which demoralizes all business and sets up false recoveries. It would start men building again for the future. It would bring into action the vast amount of improvement needed in housing and in machinery, now being worn out through seven years of obsolescence. It would set free the energies of new enterprise. These people on relief have suffered enough from having playboys take America apart to see how the wheels go round.

In conclusion, I should like to say a word to the young men and women among my listeners. Some of us have not much more span of life. We have seen America grow in greatness. Except the cost of war we have seen increasing security to the average man. Our interest is for those who will carry the burden and create the glories of America after us. We will continue fighting. But you have to live the years, you have to carry America on. It is your pockets into which the government will reach deeper and deeper if this goes on. It is you whose opportunities are being limited. I have but one suggestion. That you study the history of your country. That you survey its scene today. That you debate every phase of this government. That you carry this debate to every street corner, every schoolhouse, every shop, and every counting room. What you decide will be final for our country. You will have the burdens. And may the Divine Being guide you aright.

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## Further Explorations of the New Deal

Including Agricultural Policies

*Address before*

*Meeting of Republicans Sponsored by  
Nebraska Republican State Central Committee*

LINCOLN, NEBRASKA

January 16, 1936

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I HAVE recently debated various realities of the New Deal at Oakland, New York, and St. Louis. I propose now to explore it further, particularly its agricultural policies and their effect on the whole people.

The New Deal has developed a new technique in debate. They set up a glorious ideal to which we all agree unanimously. Then they drive somewhere else or into the ditch. When we protest they black-guard us for opposing the glorious ideal. And they announce that all protestors are the tools of Satan or Wall Street. When we summon common sense and facts they weep aloud over their martyrdom for the ideal.

The New Deal explanations of their agricultural policies exceed thirty million words. You will not expect me to turn the light into every dark corner in thirty minutes. Some of the rugged prima donnas who have directed these policies have resigned and said worse things than I would say. One quality of the old Regulated Individualists was team work.

Right at the outset let us get some things perfectly clear. There is an agricultural problem. It concerns the entire nation. It concerns the happiness of 7,000,000 homes. Our country will not have reached either full moral or economic stature until confidence and hope shine in these homes. The problem is still unsolved.

Aside from its flagrant flouting of the Constitution the New Deal farm method had within it destruction both to the farmers and to the



nation. A new program is necessary. It is now in the making. The nation has a right to insist that it must be effective and it must be based upon sound principles.

I shall debate the subject in five directions.

Part One will be the reasons why the farm question is of national interest. I hope this part will be emphatic.

Part Two is a few words upon the causes of the farmers' troubles. I hope this part will not wholly spoil the stock in trade of many politicians, for they have to live also.

Part Three is what the New Deal is doing to the farmer as a citizen, along with all other citizens. These are the things to avoid in the future. I hope this part will not be too sad.

Part Four is what the New Deal has done to the farmer in his farming business. This is also sad.

Part Five consists of some discussion of a new program. It may shock those who believe in doing nothing for human ills. It may shock those who believe that all healing medicine comes off the collectivist brew.

In all parts there are remarks on what the New Deal has been doing to the whole structure of human liberty and American institutions in the guise of farm relief.

Each part has unpleasant features to somebody. However, my position is such that approval by politicians and many others who live by the sweat of the farmers' brows is immaterial. If this country is to be saved as a decent place for the farmers' children and all our children to live in ordered liberty and faith of the future, we have a lot of unpleasant truth to face. In the long war for right thinking falsehood often wins the first battle. But truth always wins the last—if the nation survives in the meantime.

## PART I

President Roosevelt, on December 9th at Chicago, properly stated one reason why the plight of the farmer is an issue which concerns all of the American people. He said, "Farm prosperity cannot exist without city prosperity, and city prosperity cannot exist without farm prosperity." Every President since George Washington, every public man, every economist and every school-teacher has said the same thing. It is vitally true, even if it is not news. But the President omitted to state other reasons why his farm policies are an issue vital to the whole American people.

The first is that the urgent need of farm relief has been used as a cover to impose the New Deal philosophy upon the American people. That is comprised of government by individuals in place of a government of laws. It comprises goosestepping the people under this pinkish banner of Planned Economy. That was tried under the NRA but the Supreme Court halted it early. It has had a longer march under the AAA. Step by step the New Deal Agricultural Policies advanced from cajolery with a gentle rain of checks to open coercion. Men who

planted on their own farms and sold in their own way the product which God and their own labor give them could have been sent to jail for doing just that. That is not liberty. That is collectivism.

The second reason the President did not state was that those ideas of production control revolve upon planned scarcity instead of the plenty upon which America alone has made progress. To stop the production of 50,000,000 fertile acres is not progress. That also concerns the whole people. Civilization has made progress solely through producing more and more of varied things. The whole history of humanity has been a struggle against famine and want. Within only the last half-century America achieved a triumph in this age-long struggle by the creation of a system which at last can produce a plenty for a reasonable living for all of us. We have not solved the problem of its distribution, but in this plan of scarcity we are surrendering the very foundations of human hope.

The third reason was that the processing tax levied to support this program bore most heavily upon the 15,000,000 workers' homes. It was an undeserved burden to those women struggling to feed their men and their children. But the worst of that scheme was that it set boiling the witches' cauldron of class conflict of town against the farmers. This tax should never be revived.

## PART II

The causes of the farmer's troubles must be honestly faced if we are to have common-sense remedy. Economic patent medicines require no diagnosis except decision that the patient is in pain.

The difficulties of our agriculture came mainly from the war and its hectic aftermaths. Wars always do that to the farmer. Demoralization lasted twenty years after the Napoleonic wars and a dozen years after our own Civil War.

I am glad that the President at last admits that the war had something to do with the farm depression. At Chicago, on December 9, 1935, he says, in referring to farm prosperity in the period before the war: "They were the last years before the world-wide disturbance, caused by the World War, took place in our economic life." I had been told so often by the New Deal that I did it that I had given up hope of salvation. I feel better.

The dislocation of wars and slumps hits the farmer harder than any other group. Farm prices are more sensitive to these shocks than wages and industrial prices. All parts of the economic system inevitably come back into balance with time. But farm recovery is longer drawn out. That is the higher economics of it.

The painful symptom of it appears in the farmer's pocket in the slump of purchasing power of his dollar. Many farmers cannot hold on against these delays in readjustment. I have held that we cannot see the capable and industrious driven from their homes during these periods if they want to make a fight for them. That is the humanity of it.



There is at least one hopeful aspect of these war causes of the farmer's difficulties. They do not last forever. Many of our measures can be of emergency character. Recovery will cure many difficulties—that is, if it is allowed by the New Deal to come.

When the world depression was turned, in June and July, 1932, agricultural prices rose in a start toward equality with industrial prices. The farmer's dollar improved more than 20 per cent. Prices were moving into a natural relation again. Then came the era of the Great Fear. Fright over the coming of the New Deal skidded the country into the money and bank panic. The President said "the mechanics of civilization had come to a dead stop." Many a driver who has had a bad skid thinks that. Then began the magic of the New Deal. And they repeated each mistake of the Farm Board and added a big idea. That big idea is that you can catch an economic force with a policeman.

Incidentally the culmination of that era of Great Fear is the convenient starting point for all of the President's comparative statistics. He chooses the low point of quotation induced by their own actions. If he would go back a few months into 1932, before the Great Fear started, he would find the prices were 80 to 100 per cent higher than those he quotes. And they were in 100-cent dollars. And even then they were only at the turning of the greatest depression in history. His quotations look like an effort to warm the nation over cold glass chunks in an illuminated grate.

### PART III

Things have been done to the farmer by the New Deal which do not relate alone to agriculture.

Firstly, this torrent of wasteful spending, unbalanced budget and debt will be paid by the farmer as well as all others. It will blight all his days with anxiety. The farmer pays for it not alone in direct taxes, but hidden taxes are wrapped in everything he buys. The farmer in fact pays in larger measure than any other group because he buys not alone for his family but also for his farm and is less able than any other production group to mark up the prices of his products and pass these taxes on to the consumer. Moreover, about one-quarter of the \$14,000,000,000 of probable increased New Deal debt will rest on the farm as a super-mortgage. Blessed are the young, for they shall inherit the national debt.

Secondly, the present policies of paying for the New Deal by credit inflation produce stock booms that are a great dole for the "money changers." President Roosevelt, on July 24, 1933, stated that we cannot attain prosperity "in a nation half-boom and half-broke." The New Deal has attained just that. That half-boom is on in the Stock Exchange, the farmers are half-broke—and the 20,000,000 on relief are fully broke. These credit booms add little to farm prices. When they crack they throw the farmer in the ditch.

There is a thirdly, on currency policies. There is a fourthly, on

making the farmers pay for a large part of the Social Security Act and receiving little benefits. There is a fifthly, on relief policies which make it impossible for farmers to get labor in the midst of unemployment. There is a sixthly and a seventhly, on some other white rabbits. All of them make farm thinking difficult and intense. I do not have the time to discuss them all now.

### PART IV

If we are now to deal competently with farm relief we must examine the experience with the New Deal farm measures. There are proved dangers which must be avoided. In other words, what have these New Deal principles done to the farmer?

President Roosevelt on one occasion said: "I like to think of the AAA not as a temporary means . . . but as an expression of principle." From their practical works, irrespective of their words, the main principle is the economy of scarcity based on control of production enforced by telling the farmer what he can plant.

The largest justification has been that it has raised prices. Prices have improved. I leave you three thoughts on that subject: First: The inflation of the dollar, the drought, and world recovery would have made higher prices in any event. Second: *The Chicago Tribune* is authority for the statement that the farmer's income from many uncontrolled commodities has been greater in proportion than from those which have had the attention of the New Deal. President Roosevelt on May 30, 1935, prophesied that "if we abandon crop control wheat will immediately drop to 36 cents a bushel and cotton to five cents a pound." He felt the same about hogs. I do not know how long a time there is in "immediately." It is more than a week. Third: At the same time another principle of the New Deal was to lift wages and industrial prices. The sum of these two principles is that the farmer has less to sell and pays more for what he buys. Labor pays for it in increased cost of living. By this device we have got the Economic Dog running around in circles chasing his tail.

We may explore the effect of the processing tax in case some one might suggest we try it again. In early 1933 President-elect Roosevelt expressed himself as horrified and directed the defeat of my proposal to the Democratic Congress to balance the budget by a manufacturers' sales tax of 2½ per cent. My proposal exempted food and cheaper clothing. We did that in order that we should not impose the burden upon the poor. Yet, as President Roosevelt, he places a manufacturers' sales tax of 25 per cent on pork, and 30 per cent on flour, both absolute essentials to the poor. That blow at the poor was no doubt softened by calling it a "processing" tax. The implication was that some wicked middle man would pay it. The housewife rebelled at this more abundant life. One result of it was that the consumption of food in 1935 fell below the worst year, 1932, by the product of over 15,000,000 acres.



We may explore what these New Deal principles did to our export and import market. You will remember that 1932 was the year when "it could not be worse." So we will take that worst year and compare it with the New Deal year of 1935. From that worst year exports of cotton have decreased 4,250,000 bales; our grain 93,000,000 bushels; our animal products by 500,000,000 pounds. This is estimated to be the product of about 20,000,000 acres. But, worse than that, this greatest food-producing country on earth has imported this year about 100,000,000 bushels of grain, 700,000,000 pounds of animal products, and increased its imports of vegetable oils to be used as substitutes by another 700,000,000 pounds. It would take another probable 15,000,000 acres to produce these imports. The Secretary of Agriculture says America must choose one of three courses in foreign trade. The three are various degrees of the theory of more industrial imports in order that the American farmer may sell more to foreign countries. But what he produced was a fourth choice; that is, to give the foreign farmer the American farmer's market.

From all this decrease in home consumption and shift in foreign trade the farmer has lost the market for more acres than the whole New Deal curtailment of 50,000,000 fertile acres. Is that not the principle of the Economic Dog chasing his tail?

On January 10 President Roosevelt declared himself in opposition to "shipping our soil fertility to foreign nations." The logical conclusion of all that is to stop exports altogether. There is a futility here somewhere. The idea is that we encourage imports of industrial products and create unemployment at home. We are told we must do this in order that the farmer may export his products. Now we are told that it is not to our advantage to export farm products at all. He overlooks the fact that we can manufacture synthetic fertilizers to any amount necessary to cover export of "soil fertility."

In May, 1932, when I vetoed a bill for reciprocal tariff treaties, I stated that most of such treaties would sacrifice the American farmer. The New Deal method of testing poison is apparently to make the nation swallow it. By just these reciprocal treaties the American market is today being opened to farmers of Cuba, Canada, Spain and Italy. Yet under these principles farmers are told they must allow fertile acres to be idle because there is no market for their products. It is very confusing. The Economic Dog whirls even faster under this stimulus.

We must explore as to where we get to when we start controlling crops. This principle of scarcity gets scarcer and scarcer. The moment one farm product was regimented, another had to be mobilized to prevent the farmers' energy from going into that. So we marched from seven controlled commodities in May, 1933, to five more in April, 1934, another in May, 1934, and finally we come to potatoes in 1935. Moreover, these measures are moving steadily to more and more coercion and less rain of checks—as witness the Cotton and the Po-

tato Acts. As I read further and further into the 6,250 verboten words of the potato law, I realized that one of the impulses to cheerfulness was about to be mashed out of American life. The potato had yielded not only food, but it had radiated humor to our daily conversation. It was once the happiest of all the vegetables. Its life would have been saddened by the bootlegger, the passive resister, and the Federal inspectors. Confined to a package by law, its eyes would have been dimmed by the alphabetical revenue stamps it must bear.

One of the assured principles of New Deal farming is politics. One would think in the thunders of idealism that have accompanied Planned Agriculture it would be clean of politics. I have but one comment. That is to read two lines from a letter I hold written by a high officer in the AAA to a gentleman who spent his life in scientific work for the farmer and who was accepted for appointment in that service. It says, "... it will be necessary [for you] to secure political clearance, which means a letter of approval from the Democratic National Committee in California." The Department of Agriculture was wholly under merit service before this sort of idealists got it. The execution of these principles required 120,000 part- or full-time Federal officials. Their pay was assessed against the farmers. This new breed of middlemen every day tried hard to bring agriculture into balance with politics.

We may explore the effect of this economy of scarcity and crop control upon employment. For instance, the reduction of cotton by ten million acres is producing a hideous poverty in the share croppers of the South. It is creating unemployment all over the nation of some hundreds of thousands of agricultural laborers, railway men, and others who formerly lived by producing and handling the 20 million tons of agricultural products that could come from the acres forced to idleness.

And above all other consequences, the whole notion of regimenting the farmer under bureaucracy was the negation of the free American spirit. The system of scarcity was being applied to human freedom.

Does all this corroborate President Roosevelt's indication on December 9th at Chicago that agriculture is "making great strides" toward a "balance either within itself or with industry and business"? If so, it was a juggler's balance.

Finally—Does anybody believe that this flimsy structure under agriculture, of regimenting men, of putting fertile acres out of action, of giving American markets to foreigners, and levying its cost on the poor would not have fallen of its own weight, even without the Supreme Court?

## PART V

We may now explore some of the roads to relief.

And every country, including ourselves, has adopted measure after measure to protect the farmer and to speed a return to stability. Other



nations tried most of the New Deal measures before the New Deal was born. From all this experience we should by now have learned some lessons in what is harmful, what is futile, and what will help.

We shall be less than intelligent, and we shall be heartless of the farmers' problems if we do not distil from this wreckage of these experiments some lessons in truth. And there have been aids to recovery extended to the farmer both at home and abroad which have been successful. The first group of these aids is: Increase consumption of food by restoration of employment. That can come only with a balanced budget, stable currency and credit. Give the farmer our own home market. Adopt such sane national policies as will again restore reasonable export markets. Out of this group of policies we can restore demand to many millions of fertile acres.

The second group of policies is: To retire submarginal lands where people cannot make a living. Do it in the more effective and humane way proposed by Secretary Hyde in 1932. Retard new reclamation projects until the land can be used.

A third group of policies is: Encourage co-operative marketing and those marketing agreements which contribute to prevent gluts in the flow to markets. The farm credit machinery established by Republican Administrations and improved by the New Deal should be still further improved.

But beyond these measures this farm situation is now one where still further emergency measures pending general economic recovery are necessary. They are doubly necessary as a new road must be built by which agriculture can get back on to solid ground from the quicksand of the New Deal. We shall need to open our minds to further experiment.

I suggest as one contribution to new methods that instead of trying to find a balance to agriculture by paying the farmer to curtail a crop, we should endeavor to expand another crop which can be marketed or which would improve the fertility of the soil. We import vast quantities of vegetable oils, sugar and other commodities. There are industrial products that could be introduced by the American farmer. We need to replenish our soils with legumes and restore coverages. If we include this suggestion with the policies I have already mentioned, which would recover our lost acres from foreigners, we would be able to employ more than all the acres put out of action by the New Deal. We would reverse this economy of scarcity to an economy of plenty.

This question of sustained fertility and better land use was brought to the forefront by former Governor Lowden in 1930. Nation-wide conferences under Secretary Hyde in 1932 further developed parts of this subject. The matter was still further advanced by the Republican side in the campaign of that year. These ideas have been further contributed to by many thinking men since that time. In order to secure these objectives I believe we must be prepared to subsidize directly such special crops until agriculture has again been brought

into balance. At the end of such a road we could hope for a balanced agriculture in full production and increased fertility in our soils.

I am advised that it can be done within the spirit as well as the letter of the Constitution.

Since this paragraph was written these ideas have been discussed in Washington as a method of overcoming the debacle brought about by the New Deal. But if they are adopted it should be under certain fundamental safeguards. There should be no attempt to again impose New Deal ideas of controlling and regimenting the farmer or restricting production. He must be free of any restriction and control Contracts. The farmer must be an entirely free man to use his own skill and judgment. The administration of these methods should be handled by the Land Grant Colleges in order to free agriculture of politics and the vast bureaucracy now loaded upon the farmer. This work should be co-ordinated by a non-political national board. The cost should be borne by the general taxpayer and not loaded upon the poorest of the country through some tax like the processing tax. Otherwise this method will again be a subterfuge of pinkish National Planning under another alphabet.

Somebody will shy at the blunt word "subsidy." And, in fact, the American people have been going all around Robin Hood's barn, rather than use it. Over a century ago we began it in canals and turnpikes; since then we have kept it up. Railroads, highways, ships and aviation, and silver mines and land reclamation—agriculture—we usually do it under some other name than subsidy. We had better begin to use straight words and we will act straight. A subsidy is a burden on the taxpayer, but it does not regiment or destroy the initiative or freedom of the receiver—it is to stimulate that.

In conclusion may I offer a word of personal emotion. It lies far beyond the land of economics. I have spent years in public service in many countries during this most fateful period of human history. I saw as few men the backwash of war upon the common man of these countries. I saw at first hand revolution creeping in under promises of relief from the agonies of war destruction. I have seen the insidious destruction of liberty by propaganda. I have seen suffering humanity sacrifice that liberty, the greatest of all human achievements, for an illusion of security. The farmers of Russia supported the Bolsheviki against the new-born Democracy on the promise of the land. Today they have the choice of Siberia or the collectivist farms. I have seen freedom, the most priceless heritage, torn from children that this generation might escape its responsibilities. I wish to say to you unhesitatingly that our country has been following step by step the road through which these millions of people in foreign countries lost their liberties. Our farmers have had that blessing of individual liberty in greater fullness in their lives than any other part of even our own people. It was the farmers who fired the first shot at Lexington. It must be the farmers of America who defend that heritage. I ask you to stop, look, and listen.



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# The Confused State of the Union

*Address at  
Lincoln Birthday Dinner  
Under Auspices of Multnomah County  
Republican Central Committee*

PORTLAND, OREGON

February 12, 1936

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## PART I

IN LESS than a year our country must make a decision no less fateful than that which confronted Abraham Lincoln.

Since the Great War Liberty has fallen in a score of nations. In America where it blazed brightest and by its glow shed light to all others it is today impaired and endangered.

Again "we are . . . testing whether that nation or any nation so conceived and so dedicated can long endure."

When that test confronted Lincoln, he carried it to the people in national debate. No greater tribute can be paid him than that we shall devote this day of his memory to that high purpose.

If the truth and right decisions are to be found, this discussion must be held to the mold of courtesy, good humor, hard hitting, and above all to the intellectual honesty which Lincoln kept in all his fateful years.

Personalities and mud-slinging never clarified a national issue.

There has lately been a new avalanche of oratory on behalf of the "common people," the "average man," the "economic middle class," and the "rank and file." That is right. These are the people for whom America was made. They carry the burdens of America. They make its moral fiber. They are the people whose interest needs defense right now. Mr. Lincoln said the Lord must have loved them because he created so many of them. There are others who love their votes.

The President stated a month ago that the issue before us is "the right of the average man and woman to lead a finer, better, and happier life."

That is an objective to which we all agree. That is the ideal of Americans since it was first mentioned in the Declaration of Independence.

That is not at issue. The issue is the New Deal methods and objectives which are destroying this very thing.

The issue is the attempt to fasten upon the American people some sort of a system of personal government for a government of laws; a system of centralization under a political bureaucracy; a system of debt; a system of inflation; a system which would stifle the freedom and liberty of men. And it can be examined in the cold light of three years' experience.

It would seem that since the Supreme Court decisions we have abandoned the issue of the More Abundant Life. That was found to contain many roads to trouble.

## PART II

It is the actual State of the Union that I propose to discuss this evening.

The outstanding State of this Union at this hour is a state of confusion. Confusion in thought, confusion in government, confusion in economic life, and confusion in ideals. Few national problems have been really solved. I have time for only a few illustrations of this bewildering muddle which jeopardizes the liberty of a great people.

And the test of it all is, whether we are moving to the "finer, better, and happier life for the average man and woman."

### CONFUSION OF FEAR

The President in his message on the State of the Union seems to fear that fear is prevalent in the Union. He says, "The only thing we have to fear is fear." He finds malevolent forces creating fear. Just so.

The New Deal has been a veritable fountain of fear. The day after the New Deal was given life at the election of 1932 began the Great Fear which created the bank panic of March 4th. The stock boom today is not from confidence in the future; it is partly from fear of inflation. The unemployment of millions of men in the capital goods industries is due to fear of New Deal currency policies. It was the Supreme Court decisions crashing through New Deal tyrannies which brought a gleam of confidence from the fears that had retarded recovery. The guiding spirit of the alphabet has not been love. It has been fear.

### CONFUSION AS TO GREED

The President in reporting on the State of the Union also found it alive with "money-changers," "seekers for selfish power," "dishonest speculators," "economic autocrats," and "entrenched greed."

However, that has points in confusing the public mind. Any judge of debate would admit it. It has merit as a call to class war, a red herring



across the trail of failure, an implication that all opponents are defenders of evil, a claim that righteousness now has refuge alone in Washington, and an avoidance of facts and figures. It is not the mold of debate of Abraham Lincoln. It does not heal the wounds of the Nation.

In any event, in opposing the New Deal you did not know you were allied with those forces of darkness. You know it now.

No one defends such wickedness. But it happens that after three years of the New Deal the same men direct business today that were there three years ago. But what has become of the new laws designed to reform the wicked? We have seen no indictments except political oratory. That is confusing.

You will recall that three years ago the President gave the comforting assurance that "The money-changers have fled from their high seats in the temple of our civilization." It would appear that after three years of the New Deal they have all come back again with helpers. Also I had the impression that the New Deal had taken over the business of changing the money.

The human animal has many primitive instincts that morals, religion, and the law have not been able wholly to eradicate. He has two forms of greed—the greed for money and the greed for power. The lust for power is infinitely the worse. The greed for money can be curbed by law, but the greed for power seizes the law itself for its ends. At least the greed for money does not afflict us with fine phrases and slogans as to what is good for us.

The abuses of liberty by greed for money are weeds which grow in the garden of productive enterprise. If government is clean it can pull them up. The abuse of liberty by the greed for power is a blight that destroys the garden itself.

#### CONFUSION OF DICTATORSHIP WITH DEMOCRACY

The President states "... In thirty-four months we have built up new instruments of public power. In the hands of the people's government this power is wholesome and proper." The President concedes that in other hands it would "provide shackles for the liberties of the people." That is confusion of dictatorship with democracy. The very origin of this Republic was in order that nobody should possess such power over the people.

These instruments of power march to the "finer, better, and happier life" under a banner of strange device—"Planned Economy." By this time you know this glittering phrase does not mean economy in government spending. It has proved to mean Politically Dictated Economic Life. It is of many battalions. We have seen so far Planned Industry, Planned Farming, Planned Government in Business, Planned Relief, Planned Credit, Planned Currency, and Planned Attack on the Constitution. And I might suggest two more. They are Planned Deficits and Planned Politics.

#### CONFUSION IN ECONOMIC LIFE

I need recall only those first two builders of confusion, the NRA and the AAA. These two Towers of Babel which the children of men built were also to reach to Heaven. The headlines tell us of the character of the bricks and the mortar. Must Legislation. No Debate. Personal Government by Proclamation. Ballyhoo. Codes. Factory Production Restricted. Competition Limited. Monopolies Created. Government Price Fixing. Increasing Costs. Increased Prices. Decreased Consumption. Increased Cost of Living. Strikes. Lockouts. Boycott. Coercion. Crack Down. Jail. Small Business Men Washed Out. Crops Plowed Under. Animals Slaughtered. Housewife Strikes. Consumption of Food Decreases. Nation Imports Foods. Farmers' Markets Given to Foreigners. Economy of Scarcity. Nation Gets Richer by Producing Less at Higher Costs.

Their language was confounded and they were scattered by the Supreme Court.

But a new confusion arises. The spokesmen of the administration talk of the resurrection of these theories as the basis of our future economic life. The President refuses to say that they are finished. On the contrary in his address of January 3, after asserting the success of New Deal measures, he says: "I recommend to Congress that we advance, that we do not retreat." My impression is that Napoleon used somewhat that expression when he was marching to Moscow.

The American people have a right to have this clarified. Has the President abandoned these theories or not?

#### CONFUSION IN FISCAL AND MONETARY POLICIES

The third battalion of confusion has been the spending, budget deficits, debts, currency, and credit. Within a month since the President's budget message it has become more confused by four or five billions more expenditures.

Those who judge progress by the size of figures will agree that great improvements have taken place in the National Debt since the Mechanics of Civilization came to a stop on March 4, 1933. During the Hoover administration the debt increased about \$1,250,000,000, after allowing for recoverable loans. That is only about 10 per cent of what the New Mechanics will accomplish. That increase will be about up to \$14,000,000,000, less recoverable loans and plus large losses on guaranteed mortgages. The National Debt now bids fair to rise to a minimum of \$35,000,000,000.

I note in the budget message President Roosevelt said, "The finances of the government are in better condition than at any time in the past seven years." You may remember the uneasiness of the decimal point which I mentioned some months ago. It has moved steadily to the left.

The New Deal could also report, "As a part of our fiscal policies we



have set up 'Managed Credit' under the political seizure of the Federal Reserve System. We have set up 'Managed Currency' under political control of the value of the dollar. We have abandoned the gold standard. We have repudiated government obligations. We have made vast purchases of foreign silver at double the price of 1933. We are glad to say we have now enough foreign silver to plate all the spoons in the world."

Soon after assuming office three years ago President Roosevelt commented upon my partial failure to persuade a Democratic Congress to balance the budget. He said sternly; "Too often in recent history liberal governments have been wrecked on the rocks of loose fiscal policies. We must avoid this danger."

Those rocks are now looming up out of this fog. The nation has been steered into the dangerous channels of borrowing these vast deficits from the banks, by a huge cycle of bank credit inflation. That is printing-press credit. The charts of all history show this channel leads to currency inflation. Every democracy which entered these straits has been sunk.

The explosive forces of inflation are already being generated. That is easily proved. The average prices of industrial common stocks today are up to the level of 1926. But in 1926 there were no unemployed; today there are 10,000,000 unemployed. In 1926 our foreign trade was flourishing; today it is demoralized. In 1926 our budget was balanced, our currency was stable; today the budget is the worst unbalanced in history, the currency has its foundation in the will of one man.

The average price of industrial stocks has been restored to 1926, but have the real incomes of farmers and labor been restored to 1926?

We may well explore a little further as to what all this confusion of national finances means to the average man or woman. These currency and credit policies have driven men all over the nation into a scramble of buying equities to protect themselves. These policies have made a paradise for the speculator. He lives by shrewd anticipation in a land of confusion. Millions have been made in the stock market. Millions have been made by foreign speculators in silver. At the same time millions of Americans are tramping the streets looking for work. Speculation drains employment, it does not make it. Having opened the channels of greed, rightly the President may be worried over the greedy.

But worse than all that, out of these devaluation and inflation policies the cost of living inevitably and inexorably rises. The average man and his housewife will find these policies in every package they buy. They will find them in the decreased purchasing power of their insurance policy and their savings. Did it ever occur to American wage earners that the devaluation was a cut in wages? Some European statesmen were frank enough to say it when they did it. And on top of that somebody has to pay for this spending. Both we and our children will pay for these follies of our generation even if our liberal government escapes wreck upon the rocks of these loose fiscal policies. Does that point the average man to a "finer, better, happier life"?

The American people have a right to know and to know now what

steps the President proposes to clean up this budget and money confusion. Unless this confusion can be quickly dissolved it will lead to one of the great tragedies of all humanity—inflation.

#### CONFUSION IN RELIEF

The fourth battalion of confusion is the administration of relief. Under that guise great sociological experiments have been undertaken. The government has gone into private business on a huge scale. These enterprises have created a million confusions and fears. Relief run from Washington and not from home has resulted in billions of waste spread over every town and county.

It has impaired self-reliance and morals both in individuals and in local government. The poison of politics is mixed in the bread of the helpless. The New Deal is optimistic that with relief under political control from Washington its dependents can be persuaded in their vote. But the ballot box is secret and the conscience of the average American man and woman may not be confused.

#### NO CONFUSION IN POLITICS

The New Deal is not confused in politics. National Planning has been a success in that field. But it is a moral confusion of every ideal of American government. For fifty years it has been an aspiration of America that our government officials should be removed from the political spoils system. The selection by merit through the Civil Service Commission was not alone to gain efficiency in government. Its purpose was to raise the morals of public life. It was to make impossible the bribe-taker, the invisible government of the greedy, and the corruption of elections. Since 1880 every President has steadily builded that service.

Let us examine the record. The Coolidge officials under the Civil Service were about 75 per cent. The Hoover increase was to over 81 per cent. The Roosevelt decrease has been to 57 per cent. This is exhibit A of New Deal idealism.

All this sometimes reminds me of the small girl who said, "Mother, you know that beautiful jug that you said had been handed down to us from generation to generation?" Mother replied, "Yes, Ann, what of it?" And Ann answered solemnly, "This generation dropped it."

But we may explore that still further. During the Hoover administration, despite the many emergency agencies needed to meet the depression, the total number of Federal officials was decreased by 10,000. But under the New Deal, part or full-time political officials have been increased by over 335,000. In his Jackson Day speech the President urged committees of one to support the New Deal in the campaign. He has a good start with 335,000 committees—and their wives.

But the average man who does not get his feet into the trough has to carry these officials on his back.



#### CONFUSION IN RECOVERY

We have started upon the road of business recovery. That began instantly upon the restoration of some degree of confidence by the Supreme Court. But it is a confused recovery. We have still 20,000,000 people on relief after three years. Our durable goods industries lag behind. That is where the bulk of the 20,000,000 on relief come from. Our construction industries depend upon long-term confidence. But long-term confidence is weak. By a confused currency, men do not have confidence in what \$100 may buy five years hence.

Moreover, real and permanent recovery will not take place so long as every business man must make a blind bet on these confusions in Washington.

A balanced budget and a stable currency would put more men to work than the whole WPA. They need confidence, not confusion.

#### CONFUSION IN ADMINISTRATION

These gigantic plans of dictated economy were undertaken without searching inquiry as to fact or experience. They were undertaken without even shaping on the anvil of debate. They were undertaken in disregard of the Constitution. They have been without adequate administrative checks and balances. They have been administered by political appointees of inadequate executive experience. Despite this horde of officials there is now disintegration and confusion in the halls of government.

We are deluged with inconsistencies in action and conflict in purposes. Statements, propaganda, and philosophy collide every day. Many are half truths and some are murky on that other half.

### PART III

#### CONFUSION IN AUTHORITIES

President Roosevelt has called upon the shades of his favorite past presidents to enliven the effervescence of righteousness which bubbles through intoxicating waters of the finer life. He has at times recalled Jefferson, Jackson, Lincoln, and Theodore Roosevelt to justify this State of the Union. I have not noticed any call upon the shade of Grover Cleveland.

To clear up some confusion as to their views I may also summon the shades of these favorite presidents upon the same subjects.

First, Thomas Jefferson, who said, "Were we directed from Washington when to sow and when to reap we should soon want bread." Apparently this was forgotten when they created the AAA.

Jefferson also said, "... the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a

large scale." That would seem even truer to the children of this generation.

President Jackson said, "All history tells us that a free people should be watchful of delegated power." He did not know what it was to watch perpetual motion in delegated powers.

Jackson also believed in "To the victors belong the spoils." He was contented by appointing 2,000 of his followers to office. After all, he had a moderate spirit.

Theodore Roosevelt said, "If a change in currency were so enacted as to amount to dishonesty, that is repudiation of debts, it would be very bad morally."

This quotation was not sent to Congress with New Deal currency bills.

And may I add one quotation from Daniel Webster, who says: "He who tampers with the currency robs labor of its bread. He panders indeed to greedy capital, which is keen-sighted and may shift for itself, but he beggars labor, which is unsuspecting and too busy with the present to calculate the future. The prosperity of the working people lives, moves, and has its being in established credit and steady medium of payment."

Theodore Roosevelt also made many remarks upon the Civil Service. For instance; "No question of internal administration is so important ... as ... Civil Service Reform, because the spoils system ... has been for seventy years the most potent of all the forces tending to bring about the degradation of our politics." That is not often quoted out loud.

Theodore Roosevelt further said, "A broken promise is bad enough in private life. It is worse in the field of politics. No man is worth his salt in public life who makes on the stump a pledge which he does not keep after election. ..."

There is more to that quotation, but I omit it lest it would create hard feelings.

The President quotes Josiah Royce. Perhaps he overlooked this remark from that philosopher: "The present tendency to the centralization of power in our national government seems to me, then, a distinct danger. It is a substitution of power for loyalty."

Just a quotation or two from Lincoln. He asked that President Polk answer certain questions, and said, "Let him answer fully, fairly, and candidly. Let him answer with facts and not with arguments. Let him remember that he sits where Washington sat, and so remembering, let him answer as Washington would answer."

That shows they used to treat Presidents less gently than we do.

#### CONFUSION OF THE CONSTITUTION

Beyond all this there are more somber confusions. The ideals of liberty have been confused.

Behind all this is the great and fundamental conflict which has brought infinite confusion to the nation. That is the conflict between a philosophy



of orderly individual liberty and a philosophy of government dictation. Ten of the assaults upon liberty have already cracked against the Constitution of the United States. And has there been public outcry at their loss? There has been a lift to the soul of the Nation. Millions of average men and women have given thanks to the Almighty that the forethought of great Americans has saved for them freedom itself.

But the Court cannot deal with all the assaults upon the spirit of American liberty. It was the spirit of liberty which made our American civilization. That spirit made the Constitution. If that spirit is gone the Constitution is gone, even though its words remain. The undermining of local government by centralization at Washington, the spoils system, the reduction of Congress to a rubber stamp, these monetary policies—what of these?

The President implies he will not retreat, despite the decisions of the Court. We have heard mutterings that the Constitution must be changed, that it is outmoded, that it was useful only in the horse and buggy days. There was sinister invitation to Congress to "find means to protect its own prerogative."

No progressive mind will feel that the Constitution shall not be changed to meet the needs of changing national life.

But what is the change these men harbor in their minds? The American people have a right to know. They have the right to know it now.

Whatever that change may be, it must be clear of those confusions which impair the great safeguards of human liberty. There must never be confusion in the Bill of Rights, the balance of powers, local government, and a government of laws, not of men.

Do you not conclude that the State of the Union is one of confusion? Is this in the interest of the average man and woman?

Does this advance our children toward a "finer, better, and happier life"?

A great American once said in application to another crisis: "We have, as all will agree, a free government, where every man has the right to be equal with every other man. In this great struggle, this form of government and every form of human right is endangered if our enemies succeed. There is more involved in this contest than is realized by everyone. There is involved in this struggle the question whether your children and my children shall enjoy the privileges we have enjoyed." That was Abraham Lincoln.

# The Choice for Youth

*Address before the  
Young Republican League of Colorado*

COLORADO SPRINGS

March 7, 1936

## PART I

**T**HIS assembly marks the anxiety which stirs the nation. Never before have our young men and women so interested themselves in public questions.

It was not long since we fought a great war to "make the world safe for democracy." Hardly four years ago we accepted freedom as we accepted the air we breathed. No man thought our ideals were endangered in his lifetime. Yet now men freely propose how much of liberty we shall sacrifice. Certainly your freedom and your opportunities in life are being mortgaged.

Naturally I have been interested in the New Deal replies since I began discussion of these critical issues. The President said on January 3, 1936: "We have been specific in our affirmative action. Let them be specific in their negative attack." I have tried to be obliging.

But they have made no answer to facts or chapters or verses given in proofs. They, however, are not taciturn as to personal remarks. I did note that one of the New Deal spokesmen in this debate seeks to justify the violation of their platform promises by claiming that I did not hold to our platform promises. There were thirty-nine promises in the Republican platform of 1928. Of these, thirty-seven were carried out even in depression by my administration. And those fulfilled promises included upholding the Constitution and the preservation of national honor. Two secondary promises broke against the obstinacy of a Democratic Congress.

I leave research into their platform promises to well-known Democratic leaders. The examination of spilt milk is of importance. It shows that certain people cannot be safely entrusted with the jug.

The New Deal was not included in the Democratic platform of 1932. But the interpretation of political forces does not rest alone upon platforms. It rests also upon a knowledge of the motives and aims of men and the forces they represent. Eight days before that election I stated that the real intention of these men was to tinker with the currency.



I said their program would raise government expenditures to nine billion a year. I said it was their intention to put the government into business. I said it was their intention to undermine state and local government by centralization in Washington. I said it was their intention to regiment our people and undermine the American System with imported European philosophies. That was all vociferously denied. All those interpretations have come true except as to that nine billion—it was only 95 per cent correct.

During the past few months I have made some further interpretations of where we are now headed. I hear again from the New Deal spokesmen the old catcalls of 1932—"creating fear," "creating fear."

#### THE FORMULAS OF REVOLUTION

For many years I have studied the tactics and techniques in European countries by which Liberty has been dethroned and dictatorship erected by men greedy for power.

First they ascribed the tragic miseries of the times not to the Great War, where it belongs, but to some party or class. The great phrases born from the finest emotions of mankind were used to camouflage the greed for power. They made great promises. They demanded violent action against human ills that are only slowly curable. They claimed that sporadic wickedness in high places had permeated the whole system of liberty. They shouted new destructive slogans and phrases day by day to inflame the people. They implanted unreasoning hates in the souls of men. They first grasped at power through elections which Liberty provided. Then began the "must emergency instruments of power," "to save the nation." The first demands were powers of dictation over industry and agriculture and finance and labor. Legislatures were reduced to rubber stamps. Honest debate was shut off in the halls of deliberation. A powerful government propaganda was put on the taxpayers' bill, that hates and suspicions could be further inflamed. And all of these men insisted that civilization had begun all over again when they came into power.

In the final stages of European degeneration Liberty died from the waters of her own well. That was when the waters of free speech were poisoned by untruth. Then have followed the last steps to dictatorship, with suppression of freedom of speech, freedom of worship, of the courts, and all other freedoms. Men were goose-stepped in a march back to the Middle Ages.

Whether they know it or not, the New Deal has imitated the intellectual and vocal technique of typical European revolution. In the talking and legislative stages they made some progress. You will recollect also the claim that even civilization came to a dead stop on March 4, 1933.

But America has not reached these final stages. Thanks to a people of a great heritage, to the press and the radio, free speech still lives in America. I intend to use a little more of it tonight.

## PART II

### THE AMERICAN SYSTEM OF LIBERTY

My remarks tonight are addressed in large measure to the younger generation. It is you who will have to bear these increased burdens. It is you and your children whose opportunities are being limited.

But far beyond that, our immense objectives upon which depend the welfare of mankind require the faith, the idealism, the courage of youth that they shall not fail. This is more than an acceptance or a rejection of the collectivist ideas and blunders of the New Deal. You must carry forward. The problems of today are different from those of 3 years ago or 10 years ago.

But what sort of an America do we want? What should be our foundations? What should be our ideals?

Perhaps without immodesty I can claim to have had some experience in American life. I have lived all kinds of it. I have seen it in contrast with many countries. I lived my early boyhood on an Iowa farm. I lived it later as the ward of a country doctor in Oregon. I lived among those to whom hard work was the price of existence. The opportunities of America opened out to me the public schools. They carried me to professional training of an American university. I began by working with my own hands for my daily bread. I have tasted the despair of fruitless search for a job. I know now there was an economic depression either coming or going at that time. Nobody told me of it. So I did not have the additional worry of what the government would do about it.

But I have lived the problems of labor both as a workman and with the men who had to find the payroll. I have lived in the administration of industry with its problems of production and the well-being of men.

My profession took me into many foreign lands under many kinds of government, both of free men and of tyrannies. I saw the squalor of Asia, the frozen class barriers of Europe. I was not a tourist. I was associated in their working lives and problems. I had to deal with their social systems and their governments. And everywhere to the common people America was the hope of the world.

Every yearly homecoming was again to me a proof of the glory of America. I was each time refreshed by the sight of its less grinding poverty, of its greater kindness and its greater spread of opportunity to the common man. It was more than that. It was a land of self-respect that comes alone from freedom of the spirit.

I participated on behalf of America in a great war. I saw untold misery and revolution. I have seen liberty die and tyranny rise. I learned of its unending calamities.

I have been repeatedly placed by my countrymen where I had need to deal with the hurricanes of social and economic destruction which swept the world. I have had every honor that any man could want, and I have seen the worst misery that men can produce.



These experiences with all these mighty forces which influence the destiny of humanity make for humility of conclusions. And I recount all this to give emphasis to one great conviction.

I believe in the American System of Liberty. I believe in it from thousands of experiences. I believe that upon its foundation is the one hope of the common man. It has faults. But it contains the only real ferment of progress.

There are other systems of Liberty. But at the heart of our American System is embedded a great ideal unique in the world. That is the ideal that there shall be an opportunity in life, and equal opportunity, for every boy and girl, every man and woman. It holds that they have the chance to rise to any position to which their character and ability may entitle them. That ideal is limited or ended if this nation is to be goose-stepped from Washington.

About every outstanding advance which has promoted the welfare of mankind in the last century has been born in countries of free men and women. The steam engine, electricity, automobiles, telephones, airplanes, radio, free schooling, the great advances in biology, are but part of them. I might include the adding machine but its present use by the New Deal raises doubts as to its contribution to the welfare of mankind.

On the other hand almost every one of the world's mistakes has its origin in personal government. Violation of treaties, great wars, persecution of the Jews and other religionists, and so on down to the fantastic laws by a Must Congress, and the slaughter of pigs.

#### YOUTH AND AMERICAN LIBERTY

American young men and women should have the right to plan, to live their own lives with just one limitation—that they shall not injure their neighbors. What they want of government is to keep the channels of opportunity open and equal, not to block them and then charge them for doing it. They want rewards to the winners in the race. They do not want to be planed down to a pattern. To red-blooded men and women there is joy of work and joy in the battle of competition. There is the daily joy of doing something worth while, of proving one's own worth, of telling every evil person where he can go. There is the joy of championing justice to the weak and downtrodden. These are the battles which create the national fiber of self-reliance and self-respect. That is what made America. If you concentrate all adventure in the government it does not leave much constructive joy for the governed.

In economic life there is but one hope of increased security and comfort for the common man, of opportunity for all. That is to adopt every labor-saving device, every discovery, every idea to reduce waste and the cost of producing goods. We must work our machines heartlessly but not our men. Thereby goods can be sold cheaper and more people can buy. That is the only sure road to a job for every man. It is the only road to restored employment. That production of a plenty can

spring alone from the initiative and enterprise of free men. That is no system of robbery. It is action for the common service. That is destroyed at once by the grotesque notion that government shall limit production.

We cannot operate this world of machines and men without leadership. Competent leadership can come only by the rise of men and women in a free society by the impulse of their own ambition, character, and abilities. That leadership cannot come by birth, or by wealth, or be nursed like queen bees. That leadership cannot be chosen by bureaucrats. It comes from the ambition of free men and women against the polishing-wheels of competition. It comes in a system of rewards. America should not be divided into the "haves" and "have nots," but into the "doers" and the "do nots."

There are those who scoff at individual liberty as of no consequence to the poor or unemployed. Yet it is alone through the creative impulses of free and confident spirits that redemption of their suffering must come. It is through them alone that social security can be attained. Our job is not to pull down the great majority but to pull up those who lag behind.

### PART III

#### BUSINESS AND AMERICAN LIBERTY

And at once we come to the relation of government to economic life. I have discussed many of its phases elsewhere. On this occasion time permits me to refer only to the relations of government to business. For in this field lies a large part of the choice that youth must make.

We have three alternatives.

First: Unregulated business.

Second: Government-regulated business, which I believe is the American System.

Third: Government-dictated business, whether by dictation to business or by government in business. This is the New Deal choice. These ideas are dipped from cauldrons of European Fascism or Socialism.

#### UNREGULATED BUSINESS

While some gentlemen may not agree, we may dismiss any system of unregulated business. We know from experience that the vast tools of technology and mechanical power can be seized for purposes of oppression. They have been used to limit production and to strangle competition and opportunity. We can no more have economic power without checks and balances than we can have political power without checks and balances. Either one leads to tyranny.

And there must be regulation of the traffic even when it is honest. We have too many people and too many devices to allow them to riot all over the streets of commerce. But a traffic policeman must only



enforce the rules. He will block the traffic if he stands on the corner demanding to know their business and telling them how to run it.

#### THE AMERICAN SYSTEM OF REGULATION

I am one who believes that the only system which will preserve liberty and hold open the doors of opportunity is government-regulated business. And this is as far from government-dictated business as the two poles. Democracy can regulate its citizens through law and judicial bodies. No democracy can dictate and survive as a democracy. The only way to preserve individual initiative and enterprise is for the government to make the same rules for everybody and act as umpire.

But if we are to preserve freedom we must face the fact that ours is a regulatory system.

And let us be definite once and for all as to what we mean by a system of regulation. It looms up more clearly against the past three years.

1. A great area of business will regulate its own prices and profits through competition. Competition is also the restless pillow of progress. But we must compel honest competition through prevention of monopolies and unfair practices. That is indirect regulation.

2. The semi- yet natural monopolies, such as railways and utilities, must be directly regulated as to rates to prevent the misuse of their privilege.

3. Banking, finance, public markets, and other functions of trust must be regulated to prevent abuse and misuse of trust.

The failure of the states, particularly New York, to do their part during the boom years has necessitated an extension of Federal action. The New Deal regulations of stock and security promotion in various aspects have the right objectives. They were hastily and poorly formed without proper consideration by Congress. But they point right.

4. Certain groups must be appropriately regulated to prevent waste of natural resources.

5. Labor must have the right to free collective bargaining. But it must have responsibilities as well as rights.

6. At one time we relied upon the theory of "shirt sleeves to shirt sleeves in three generations" to regulate over-accumulations of wealth. This is now guaranteed by our income and inheritance taxes. Some people feel these taxes take the shirt also.

But there are certain principles that must run through these methods.

1. The first principle of regulation is the least regulation that will preserve equality of opportunity and liberty itself. We cannot afford to stifle a thousand honest men in order to smother one evil person.

2. To preserve Liberty the major burden of regulation must fall upon the States and local government. But where the States hopelessly fail or when the problem grows beyond their powers we should call upon the Federal government. Or we should invoke the machinery of interstate compacts.

3. Regulation should be by specific law, that all who run may read. That alone holds open the doors of the courts to the citizen. This must be "a government of laws and not of men."

4. And the American System of Liberty will not function solely through traffic policemen. The fundamental regulation of the nation is the Ten Commandments and the Sermon on the Mount.

Incidentally, the government might regulate its own business by some of the standards it imposes on others.

There are certain humanities which run through all business. As we become more experienced, more humane, as conditions change, we recognize things as abuses which we once passed over. There are the abuses of slums, child-labor, sweated hours, and sweated wages. They have been diminishing for decades before the New Deal. They have not been solved yet. They must be solved. We must not be afraid to use the powers of government to eliminate them.

There will be periodic unemployment in any system. It is even so in the self-declared economic heavens of Socialism and Fascism. With common sense we could provide insurance programs against it. We could go further and prevent many causes of depressions.

Out of medical and public health discoveries we have in eighty years increased the number of people over sixty years of age from four per cent to eight per cent. That imposes another problem upon us.

This American System has sprung from the spirit of our people. It has been developing progressively over many generations. However grave its faults may be they are but marginal to a great area of human well-being. The test of a system is its comparative results with others and whether it has the impulses within to cure its faults. This system based on ordered liberty alone answers these tests.

The doors of opportunity cannot be held open by inaction. That is an ideal that must be incessantly fought for.

These doors are partly closed by every gentleman who hatches some special privilege. They are closed to somebody by every betrayal of trust. But because brickbats can be used for murder we do not need stop building houses. These doors are partly shut by every needless bureaucrat. And there is the tax collector. He stands today right in the door.

Every new invention, every new idea, every new war shifts and changes our economic life. That greatest instrument of American joy, the automobile, has in twenty years shifted regulation in a hundred directions.

Many obstructions and abuses have been added by the New Deal. Many of them are older but no worse. While the inspiration to reform comes from the human heart, it is achieved only by the intellect. Enthusiastic hearts have flooded us with illusions. Ideals without illusions are good. Ideals with illusions are no good. You may remember that youth with a banner of strange device. Was it "Excelsior" or was it "Planned Economy"? He froze to death.



## PART IV

### GOVERNMENT-DICTATED ECONOMIC LIFE

Young men and women have grave need to look into this New Deal alternative to our American System.

If anyone does not believe there is a bite in that innocent term "Planned Economy," he might re-read this paragraph from one of the leading New Deal spokesmen:

"It is . . . a logical impossibility to have a *planned economy* and to *have business operating its industries*, just as it is also impossible to have one within our present *constitutional and statutory structure*. Modifications in both, so serious as to mean *destruction and re-beginning*, are required."

That is involved language but if it means anything it means that both private business and the Constitution must be modified so seriously as to mean destruction and re-beginning.

The President, far from repudiating these ideas, has continuously supported "Planned Economy." On one occasion he said, ". . . All of the proposals and all of the legislation since the fourth of March have not been just a collection of haphazard schemes but rather the orderly component parts of a connected and logical whole."

The Supreme Court has removed some ten of these component parts. And rather than have the score raised to thirteen before an election we have seen three more quietly removed. However, if the New Deal is re-elected they will be found to have a lot of spare parts.

Do not mistake. The choice is still yours. But the New Deal has no choice. The New Deal is committed to drive ahead for government dictation of our economic life. It is committed by a thousand statements, by a thousand actions. It is committed by the supporters upon whom it is dependent.

The President assures them "we will not retreat." They did mention a breathing spell. A spell is a very limited period.

I have spoken at length upon these subjects elsewhere, but I may remind you of a few examples of the choice that the New Deal offers to youth. Under that "connected and logical whole" a man could be fined and sent to jail for starting a new business of his own; for refusing to sell his own products as directed; for not reducing his production; for increasing his production if his energies found a market; for selling at prices below his competitors; or for having 101 gold dollars.

Also you might note that when you ask the man with a profit and loss motive for a job, he asks just one thing, "Can you do the job?" When you ask the government for a job, your ability is second to your politics, your delivery of votes, and your affiliations generally. That is not equality of opportunity.

And what of this managed currency and this managed credit, which threaten Liberty and opportunity with the poison of inflation? What

of this governmentally raised cost of living? What of all this continued waste and folly wrought in the name of relief? What of the folly of these purchases of foreign silver? What of the debauchery of the Civil Service and the politics in relief?

What of the taxes that will ooze from this spending and debt all your lives?

Do not mistake. The new taxes of today are but part of them. More of them are as inevitable as the first of the month. The only alternatives are repudiation or inflation. No matter what nonsense you are told about corporations and the rich paying the bill, there will be two-thirds of it for the common man to pay after the corporations and the rich are sucked dry.

Taxation enslaves as well as dictatorship. Every increased dollar in taxes is a limitation upon your opportunities. It means you have to work that many days more for the government instead of for your own advancement. Your fireside talks in the future will be with the tax collector.

And where do we get to after all this attempt to supplant the American System? At the time of the election day in 1932 the American Federation of Labor reported 11,600,000 unemployed. Today, after three years of the New Deal, they report 11,600,000 unemployed. To get these people back to their jobs was the outstanding job of our government. It was the excuse given for all these doings. But the grim fact remains that it has failed in its primary purpose. And fifteen billion dollars will be added to the national debt before the New Deal is over.

## PART V

### WHAT IS REAL LIBERALISM?

We hear much as to who is a Tory, a Reactionary, a Conservative, a Liberal, or a Radical. These terms when used honestly reflect an attitude of mind. The political use of them was imported from England. They do not fit well in America. However, they have certain advantages. You can elect yourself to any one of these groups if you say it often enough. If you do not like anybody you can consign him to the one which is most hated by your listener.

Taking a compound of definitions coming out of Washington, the impression would be that the Tories do the money-changing. The Reactionaries are members of well-warmed and well-stocked clubs. The Conservatives are greedily trying to keep their jobs and their savings. The Liberals have the exclusive right to define the opinions of others. The Radicals do not know what to do but do it in every direction.

As a matter of serious fact, these terms have been used mostly for camouflage and for political assassination.

The natural choice of youth is toward true liberalism. True liberalism



seeks all legitimate freedom first, in the confident belief that without such freedom the pursuit of other blessings is in vain. Liberalism is a force true of the spirit, proceeding from the deep realization that economic freedom cannot be sacrificed if political freedom is to be preserved.

It is a false liberalism that interprets itself into dictation by government. Every step in that direction crushes the very roots of liberalism. It is the road not to liberty but to less liberty. The spirit of liberalism is to create free men. It is not the regimentation of men. It is not the extension of bureaucracy. You cannot extend the mastery of government over the daily life of a people without somewhere making it master of people's souls and thoughts.

Today, however, the term Liberal is claimed by every sect that would limit human freedom and stagnate the human soul—whether they be Fascists, Socialists, Communists, Epics, or New Dealers.

This misuse of English political terms is used to cover the confusion of thought that pumps from the New Deal. Yet our American problems cut squarely across such muddy classifications.

If an open mind, free to search for the truth and apply it in government, is liberal, then you should be liberal.

If belief in open opportunity and equal opportunity has become conservative, then you should be conservative.

If belief that this can be held only in a society of orderly individual initiative and enterprise is conservative, then you should be conservative.

If opposition to those things which abuse and limit equal opportunity, such as privilege, monopolies, exploitation, or oppression whether in business or in government, is liberal, then you should be liberal.

If opposition to managed economy whether of the Socialist, Fascist, or New Deal pattern is Tory, then you should be Tory.

If the humane action to eliminate such abominations as slum squalor, child labor, and sweated labor, to give greater protection from unemployment and old age is radical, then you should be radical.

If the use of all the powers of the government to relieve our people from hunger and cold in calamity is radical, then you should be radical.

If belief in the old-fashioned virtues of self-reliance, thrift, government economy, of a balanced budget, of a stable currency, of fidelity of government to its obligations is reactionary, then you should be reactionary.

If holding to the Bill of Rights with its safeguards of the balance of powers and local government is Tory, then you should be Tory.

If demand that change in the Constitution be by open submission to the people and not by subterfuge constitutes reaction, then again you should be reactionary.

If demand that we have a government of laws and not of bureaucrats is conservative, then you should be conservative.

If you agree with all this, then you have shed yourselves of many "isms" or you have melted them into plain Americanism.

If you add to that a belief in decency of Americans, a conception of

spiritual prosperity, and a faith in the greatness of America, you will have lifted these realities to the realms of idealism.

But it all sums up to this—whether the choice of youth will be to carry on that liberty for which Americans have died upon a thousand battlefields.

## PART VI

### EXPANDING OPPORTUNITIES OF YOUTH

I hear much that new opportunity for youth is gone. It occurs to me that for 150 years God-fearing people under the blessings of freedom built up quite a plant and equipment on this continent. It teems with millions of farms and homes and cattle and pigs, despite the AAA. There are railroads, highways, power plants and factories, stores and banks, and money-changers. There are towns and magnificent cities. There are newspapers, colleges, libraries, orchestras, bands, radios, and other noises. It is very sad, but did it ever occur to you that all the people who live in these houses and all those who run this complicated machine are going to die? Just as sure as death the job is yours. And there are opportunities in every inch of it.

The New Deal would dim your dreams of new adventure by telling you that there is nothing to do any more but run the old plant. The President on one occasion stated; "Our industrial plant is built. . . . Our last frontier has been reached. . . . Our task now . . . is the sober, less dramatic business of administering the resources and plants already in hand, etc." That no doubt excepts the new government plants.

As a matter of fact, science and invention during even these troubled years since the war have given us further mighty powers of progress. These inventions will create a thousand new frontiers. You have the blood and the urge of your American forebears. You are as good stuff as they. You are better trained and equipped than they were. I have no doubt of your character and your resolution. I know American youth is champing at the bit to take advantage of an opening world. From that, if we preserve the American System of liberty, we could have a century of glorious opportunity to every young man and woman. We could have a century of unparalleled progress to the nation.



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# Has The New Deal Solved Our National Problems?

*Address Sponsored by the  
Fourth District Republican Organization*

FORT WAYNE, INDIANA

April 4, 1936

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## PART I

THE essence of a free government is debate. The problems of America are not the private property of those temporarily in office. Informed public opinion is often surprisingly quickly transformed into action.

Since last October I have debated a number of our most urgent national problems. I have reviewed results. I have suggested methods of solution.

As answer the New Deal subordinates have loosed a smoke screen of personalities and have begun to fire the squirt guns of propaganda. These are not answers that add to understanding. They are not the bold answer of responsible leaders expounding their point of view and offering their solutions. And slogans do not even pinch hit for facts.

The most dangerous invasions of liberty by the New Deal have not been in the economic field as violent as they are. The Supreme Court can check that. The corruption of clear thinking is in the long view far more insidious and destructive to the safeguards of America.

Civilization has advanced only whenever and wherever the critical faculty in the people has been free, alive, and unpolluted. It slumps whenever this is misinformed, suppressed or intimidated. That is the most certain lesson in history. They who have the thirst for power over the daily lives of the people in order to protect themselves from the political consequences of their actions are driven irresistibly and without peace to a greater and greater control of the nation's thinking.

Those who seek for power thus move easily from propaganda to raucous denunciation. From that it is but a step to intimidation. And we witness today the seizure of private communications of innocent persons and the press. That is gross violation of the spirit of the Bill of Rights. But Americans are not easily intimidated. A number of the unterrified have

taken to sending me pungent telegrams, expressing the prayer that some New Deal agency will seize them and commit every word of them to memory. This may be the modern method of the Constitutional right of petition—at least of bringing petitions under the eyes of the New Deal.

## PART II

There are some phases of these so-called answers in this debate to which I wish again to refer.

There is an elaborate phantasmagoria to which the New Deal spokesmen seek to give life with their pulmotor of propaganda. That relates to the situation in the country when they came into power on March 4, 1933.

Mr. Roosevelt is anxious that the American people shall believe that the nation was "in ruins" when he took office. From the panic of bank depositors which greeted his inauguration he concludes that the Republicans did it.

That incident is still used to justify his abandoned promises. It is still used as the excuse for the attempt to transform the fate of a nation. We may, therefore, explore a little further into this particular question.

I hardly need restate the fact, now well established by disinterested economists the world over, that America was shaking itself clear of the depression, under its Republican Administration, in June-July, 1932. The whole world started forward. Prosperity had actually swung around the corner and was on its way up the street of our national life when it encountered the change in national policies. After Mr. Roosevelt's election in 1932 we alone of all great nations were set back. Most other nations continued forward.

The causes which produced that skid in national progress are now a matter of documented public record available to everybody.

I may mention just one incident. On February 17, 1933, fifteen days before Mr. Roosevelt's inauguration it had become apparent that a panic was inevitable unless Mr. Roosevelt would co-operate to allay fear. I, as President of all the people, addressed to Mr. Roosevelt as President-elect of all the people a personal appeal in my own handwriting which was delivered personally to him by a trusted messenger. It contained these words:

"A most critical situation has arisen. The major difficulty is the state of public mind . . . a statement by you upon two or three policies of your administration would restore public confidence . . . by the removal of fear.

"With the election there came the natural and inevitable hesitation. . . . A number of discouraging things have happened on top of this. . . . The breakdown in balancing the budget. . . . The proposals for inflation . . . the publication of R. F. C. loans [by the Democratic Congress] . . . a state of alarm . . . rapidly reaching a crisis . . . flight of capital . . . foreign withdrawals of gold . . . hoarding. It is obvious that you



... are the only one who can give prompt assurance that there will be no tampering or inflation of the currency, that the budget will be unquestionably balanced."

But no such assurance was forthcoming. In a word I asked that the whispers of speculators and others that Mr. Roosevelt did not intend to keep his campaign promises should be stopped by an emphatic public confirmation of those promises. That those speculators and insiders were right was plain enough later on. This first contact of the "money changers" with the New Deal netted those who removed their money from the country a profit of up to 60% when the dollar was debased.

The urgent necessity for the President-elect to make such a statement to stop the panic was urged by others including the Advisory Council of the Federal Reserve Board and by responsible newspapers. The usual reply is that the President-elect had no responsibilities until March 4th. There are a dozen answers to that. One is that every American citizen has a responsibility. Another is that as President-elect he had not hesitated on December 29, 1932, to take the unprecedented responsibility of ordering the Democratic Congress to oppose the steps I had taken to balance the budget.

Having got the nation into that hole, the Administration showed great determination and speed in getting us out. For this latter they deserve credit.

That unnecessary bank panic created a temporary slump in the upward movement of farm and other prices and employment. And we listen every day to the New Dealers chant like a Greek chorus of the doleful bottom from which they started.

Some of their spokesmen are so tragic as to announce that the "tramp of revolution" was in the air. Those young men have yet to learn that bank depositors even in a panic have not been known to lead revolutions. A sane people with a heritage of orderly democracy do not revolt by violence. America had no thought of Revolution. But revolution was in the minds of the Brain Trust. They had nothing else on their minds. However they did deeply touch the national funny-bone.

These men did use the occasion to grasp for power. They did try to impose a new system on the American people. For months they called it the Roosevelt Revolution. They liked that word Revolution for quite a while! The implication of that thrilling heroic word has now been softened to the soothing idea of a more abundant life.

### PART III

What interests a great nation is the route to safety and prosperity for all the people. To find that route we must have an understanding of the obstructions which detour us from national progress. On these questions we may have widely differing points of view and we may hold these differences honestly.

Obviously the immediate problem was the depression. And here if we

are to have national understanding we must enter for a moment on higher economics even if it is dull.

Depressions are not new in human history. All of them are preceded by wars or inflation or booms with speers of speculative greed. When they are world wide that makes them worse. No government can legislate away the morning after any more than it can legislate away the effect of a tornado—not even the New Deal.

The real cure of depressions is in prevention of their causes. That is one of the greatest of all human problems and I believe it can be largely achieved. But let me say bluntly that when one is upon us there is only one road to recovery.

Fictitious values must come down. Wild stock promotion must be liquidated. Wreckage must be cleared away. Get-rich-quick ideas must evaporate. Life must be put on a saner and simpler basis. People just have to rearrange the furniture of their minds. Costs must be reduced that prices may be reduced and thus more people can buy. Thereby there is more consumption, more production, more jobs. It takes time. It takes patience. It takes courage. Losses are inevitable.

Ending the misery of unemployment comes at once when these obstructions are eliminated. In a free country everybody goes to work to solve his own problems. The sum of all these efforts makes the movement upward just as inexorable as the movement downward. That is the higher economics of it.

But this depression had two features different even from other great depressions of history. Our banking system was not organized to meet such shocks, by its very decentralization. The whole world was tormented by social unrest and economic panaceas.

Our government had in the past never taken action of any great importance in depressions or panics, no matter how much the losses or suffering. There were three alternatives in front of us. We could let the depression liquidate itself out with all the dangers and suffering. We could adopt the methods later attempted by the New Deal. These have proved wrong ever since they were tried by Emperor Diocletian. And he was about the last of the Roman Emperors.

We chose a new alternative. We determined that the government should help protect the people from storm—that it should assist recuperative forces. I held that it must see that food and shelter were given to those in distress. I held that government must inspire co-operation among the people to protect themselves. I held wages should not decrease more than the reduction in the cost of living. I held we must put before the people the shield of government credit to prevent panic and lessen bankruptcy. Above all I held that we must maintain that Gibraltar of all confidence—the financial integrity and honor of the Federal government. That involved balancing the budget, keeping a true ring in the American dollar. I held we should co-operate with foreign nations in their efforts to prevent destruction and promote recovery. I held that we must protect our American institutions from social unrest and pas-



sions. I held that government must cling to certain principles of American liberty fought for in this land for 160 years.

Under these policies economic forces turned upward in July, 1932.

Then arrived the New Dealers with their point of view. There was a youngster once who told his father that the teacher wanted him to bring to school simple statements of the Einstein theory and of the New Deal. Father said, "We will begin with the Einstein theory, that is easier."

Mr. Roosevelt's campaign for election was based upon the implication that the depression was caused by me personally. That is a great compliment to the energies and capacities of one man. From this point of observation they got the conclusion that depressions could be easily cured by the magic of spending, priming the pump, tinkering with currency and credit, artificially increasing prices. They limited production in both farm and factory to create artificial profits. They imposed higher costs on industry and thus forced up prices. They adopted the curious concept of economy of scarcity. And all the time they were trying to change the American system to match the Middle European ideas. Public confidence in the long future was thus dominated by fear. From it all they slowed down the natural forces of recovery which were in motion. Thereby they greatly retarded recovery. And the price of that is infinite misery and anxiety to those whose jobs have been delayed.

The Supreme Court in effect wiped off this fantasy of scarcity through the NRA and AAA decisions. It removed obstacles and confusions. It restored confidence in our institutions. The natural forces of recovery now again move forward.

The nation needs recovery beyond all conception. One practical reason is that people think more clearly with the aid of black ink rather than with red ink or the short pay envelope. And incidentally, the New Deal does not fail to remember that Chanticleer crowed each morning and claimed credit for the rising sun. You remember "we planned it that way."

But the result of the New Deal policies which remain has been to give us a ragged picture of recovery. We witness the increase in the market value of corporation common stocks from about 30 billions at the time of the election in 1932 to about 60 billions today. That is about 100%. There are said to be about 8,000,000 different common stockholders. There are also about 8,000,000 farmers. I have not noticed any 30 billion rise for these farmers. There are more unemployed. The temple of finance seems more comfortable today than the temple of labor. Or the temple of Agriculture. Anyway money changers have got more jobs than the forgotten man.

#### PART IV

And continuously, day in and day out, before and even since his inauguration, and in the evening by the fireside, Mr. Roosevelt has con-

demned with great bitterness the policies and methods of the last Republican Administration. And that has become another chant of the Greek chorus. That chorus was louder under the artificial lights of promise than it is now in the daybreak of performance.

And the saddest blow of all is that certain New Dealers now arise and say that I was the father of the New Deal. Omitting their monetary and spending debauch, about all the agencies they will have left after the Supreme Court finishes cleaning up their unconstitutional actions will be the institutions and ideas they got from the Republican Administration.

The reaction to those decisions is likely to be a new series of propaganda entitled the new book of Martyrs.

We have now lived through three years of Mr. Roosevelt's administration. It would now seem fair for me to ask the following questions.

Did this Administration keep the promises upon which it was elected?

Has it solved our great national problems?

Some of the multitude of New Deal policies have been right. The American people do not expect policies undertaken to reach 1000% batting average. But a baseball statistician says their batting average on promises has been .033. On major policies it has been .030. On the Constitution it has been .006.

In other addresses I have debated many phases of these questions. I may quickly summarize those discussions. And to do it I must use figures and statistics. Demagoguery abhors arithmetic except when it adds zeros to its expenditures.

#### UNEMPLOYMENT

You will remember Mr. Roosevelt's assurances of quick restoration of employment. The New Dealers said every one was to be at work on Labor Day, 1933. The Federation of Labor now reports 12,600,000 unemployed as against 11,600,000 which they reported when Mr. Roosevelt was elected.

Whatever these disputed figures are, they do not measure the full story. When this Administration increases government expenditures by three or four billions a year over the Republican Administration, they buy cement and a thousand things which create jobs. But these men are as much on the Government payroll as if they were on the WPA. In that light we have many more men out of real permanent jobs. That is a pitiful result from three years' colossal expenditure of public money for priming the pump.

It has given employment to about 300,000 new political officials to work the pump handle. They use only one hand at the handle and pull voters with the other.

The first job of the nation is to get these self-respecting people back to real jobs. That will come about when sound economic policies for handling this depression are restored and not before.

May I ask, has the problem of unemployment been solved?



Mr. Roosevelt severely criticized the Republican methods of organizing relief. Great politics was made out of human misery. The New Deal jerked the administration of relief from the hands of devoted men and women of each community, where responsibility had been lodged by my Administration. That destroyed local concern to neighbors. That undermined the sense of responsibility in local government. Our national morning prayer is now directed to the Federal Treasury. I have shown in a former address that the expenditure including Federal, State, and Local was raised from \$1,100,000,000 per annum up to over \$3,500,000,000 per annum. Of this between \$400,000,000 and \$500,000,000 is overhead for this Federal political machine. And there are about the same number of people on relief.

That the health and strength of the people were maintained by local administration is demonstrated by every statistical service. Infant mortality, for instance, was less in 1932 than ever before or since.

The present Federal Relief Administration should be dissolved. The new appropriation of one and a half billions should be allocated to a restored local administration. Those in distress would be better served—and with less politics in the bread.

Has the relief problem been solved?

#### REDUCTION OF EXPENDITURES

You recollect that Mr. Roosevelt promised the voters to reduce government expenses by 25%. The idea that this could be done was no doubt based upon the savings proposed by my Administration and rejected by the Democratic Congress. They did not emphasize the origins of their story at that time. The last Republican Administration spent less than three and one third billions per annum after deducting recoverable loans and statutory debt retirement, and including postal deficit. The Roosevelt Administration on the same basis is today spending double that sum. That is about 100% up instead of 25% down.

May I ask, has the problem of government expenditures been solved?

#### BALANCING THE BUDGET

During that campaign Mr. Roosevelt laid much emphasis on immediate balancing of the budget. Yet the budget deficits in Mr. Roosevelt's Administration have increased year by year. Before these four years are over, after deducting recoverable loans, the total increase in the National Debt will exceed twelve and a half billions. This compares with less than one and a third billion after deducting recoverable loans during the last Republican Administration. That Republican increase of about 10% of New Deal practice was bad enough. But it at least has the merit of being a residue after continuous battle with a Democratic Congress to keep it down.

May I ask, has the budget problem been solved?

Mr. Roosevelt, four days before the election in 1932, said in effect that the gold clause was more than a contract, that it was a covenant.

What was that covenant? It was "payable in gold of the present weight and fineness." That was repudiated.

Why was the Republican Administration right in its battle to hold to that covenant? First it was to uphold the national honor. And there are practical reasons which can be shown now not in theory but in fact.

The dollar was devalued to 59 cents for the expressed and deliberate purpose of artificially raising prices. If that works the cost of living will rise up to 60%. The consequence is that devaluation is a continuing and subtle reduction of wages and salaries. These never keep pace with rising costs of living. If they are right it is a reduction in the purchasing value of every insurance policy and every savings bank deposit. It is a transfer of values from corporation bond holders to corporation stock holders. There are 63 million life insurance policies, secured by bonds, while there are said to be 8 million stock holders. It injures every educational and hospital endowment. All this is a method of redistributing the hard won savings of the forgotten man.

The President said in excuse that there was not enough gold to pay everybody who held gold obligations. You might as well say there are not enough coffins to bury the people all at one time.

Do not think I am advocating the return to the 100 cent dollar. It is too late.

But we do not have even a fixed 59 cent dollar. We have the black magic of managed currency. From that springs instability and lowered confidence in the future. That means fewer jobs for the unemployed.

May I ask, has the problem of a stable currency been solved?

#### THE CREDIT SYSTEM

The battle by the Republican Administration to sustain the banking and credit structure of the country was violently criticized in the campaign of 1932. Among strong words were "highly undesirable," "wholly unnecessary," "muddle," "government created credit," "dangerous evil." There were no hard words left to me to use. The Republican Administration did boldly adopt unprecedented measures for placing the shield of federal credit in front of industry and agriculture. We did employ the Federal Reserve System to replenish the credit drained by the collapse in Europe. We did strengthen the gold reserves. We created the National Credit Association, and the Reconstruction Finance Corporation. We set up the Agricultural Credit Banks, the Home Loan Banks. We strengthened the Land Banks. We reformed the Bankruptcy laws so as to permit orderly adjustments between debtors and creditors.

These measures saved ten thousand institutions. They served to pro-



tect millions of men on their jobs and millions of the farm population from foreclosure. They guarded insurance policies and savings from destruction.

Despite its criticisms of these agencies and ideas the New Deal has used and expanded every one of them. They now choose to forget where they come from. But far from these sound measures we are today in a morass of printing-press credit. Beyond it the doors to the temples of speculation have been opened wide and handsome. We are again back to the job of getting rich quick.

But I ask, Has the credit problem been solved?

#### BUREAUCRACY

In the 1932 campaign Mr. Roosevelt said:  
"Abolish useless commissions and offices."

Let us explore a little. Despite the emergency agencies of which they complained the Republican Administration reduced the total of officials by 10,000 in the four years of the last Republican Administration. The New Deal by full- and part-time jobs has increased them by 325,000. Some thirty or forty new agencies of government have been created. And further 81% of all federal officials were under the merit system when the Republican Administration left office. Today they are 57% only.

And political bureaucracies have one positive conviction. It is that the Government should pay all their expenses including the expenses of their re-election.

May I ask, has the problem of bureaucracy been solved?

#### MONOPOLIES

You remember that promise so often repeated by Mr. Roosevelt in 1932—"Impartial enforcement of the Anti-Trust Laws to prevent monopoly," etc. You also remember that statement of the President—"History will record the NRA as the most important and far-reaching legislation ever enacted." Everybody knows the NRA piled up the most gigantic monopolistic practices since Queen Elizabeth. They restricted production, fixed prices, and brought destruction to small business men.

Time and again the last Republican Administration refused to listen to the siren of these NRA ideas. But no better proof is needed that competition was maintained by the Republican Administration than the orgy of monopolistic practices which broke loose on its abandonment by the New Deal. Today we have before us the full import of the NRA: It was framed on the exact pattern of Mr. Mussolini. And now Mr. Mussolini discloses that it is but the first step to complete Socialism. He has taken over the monopolies for the government. And we are promised that the NRA will be born again in America.

May I ask, has the question of monopoly been solved?

#### TARIFF

You will remember Mr. Roosevelt's promises of "immediate" "drastic" reductions of the tariff. When Mr. Roosevelt made those promises I said that if protection to American industry and agriculture was taken away "Grass will grow in the streets of a hundred cities, a thousand towns; the weeds will overrun the fields of a million farms." At that time I believed in promises so I was wrong about that grass. They have not dared to carry out those promises. On the other hand, they have in fact increased the tariffs by devaluation of the dollar. They continue to nibble them through secretly made treaties.

Tariff making by Congress has always been a sorry spectacle. Many duties are always made too high. Democrats as well as Republicans alike, log roll into that position. But the last Republican Administration established a new and vital reform in tariff making. We gave the first effective powers to the bipartisan tariff commission to lower or raise the tariffs on a proper basis. All proceedings were to be open to public hearings and in judicial form. The orgy of greed and privilege which surrounded constant change by Congress was at last done away with. This policy gave reality to the aspiration of progressive men over half a century.

But the New Deal has sidetracked this Commission. It has been replaced by the secret determination of tariffs in back rooms without public hearings, through so-called reciprocal tariff negotiations. Men are deprived of their livelihood by secret covenants secretly arrived at.

There is no greater exhibit of personal government in the whole New Deal. That is not democracy. However, if you contemplate welcoming a prodigal son you can get a fatted calf from Canada.

But has the tariff problem been solved?

#### AGRICULTURE

In the campaign Mr. Roosevelt promised a plan that would solve the most difficult of all problems, the restoration of agriculture. The principles he stated in his campaign had no resemblance to the plan he adopted as President.

Mr. Roosevelt bitterly denounced the methods of the Farm Board. That Board did make a valiant attempt to serve the farmer. It did cushion many blows which saved him hundreds of millions. From its experience the Board evolved more promising plans. These plans were rejected. The New Deal however did adopt every one of the discarded experiences of the Farm Board and added the joy of telling the farmer what to plant.

The regimentation of the farmer has failed. And so after three years we start all over again. And this time the New Deal goes back to the Republican ideas of 1932 for part of their program.

Some of the results of Mr. Roosevelt's plans still linger. The American farmer's export market has been given to foreigners. His domestic market has been reduced. The greatest food producing nation in the



world had been made partially dependent upon foreigners for its food. May I ask has the agricultural problem been solved?

#### SOCIAL SECURITY

Mr. Roosevelt promised much—his administration has legislated much on social security. It points in the right direction. We should be in sympathy with legislation to protect old age and unemployment. And the methods adopted by the New Deal will need mighty revisions to make them do what is promised.

But the social security of the common man has received disastrous blows from the New Deal. These blows far transcend any gains he might get from the Social Securities Act. The first social security is a productive job. These government policies which keep 12,000,000 men walking the streets are neither economic nor social security.

Will the New Deal say that this stupendous squandering, this inevitable increase in taxes, do not diminish or undermine the economic security of the common man?

President Roosevelt answers this when he said:

"Taxes are paid by the sweat of every man who labors. . . . Workers may never see a tax bill but they pay in deductions from wages and increased cost of what they buy." Perhaps they will solve the old age problem through earlier mortality of the taxpayer from worry.

And now will they say that the devaluation of the dollar and the inevitable effect on wages and insurance and savings contribute to the social security of the common man and his wife? And his children?

May I ask has the problem of economic security been solved?

#### OTHER PROBLEMS

There are a host of other problems.

Has the railway problem been solved?

Banking reform better than the Republican proposals was promised. About the only reform effected is the political control of credit. But has the banking problem been solved?

And there is the foreign trade problem. If our trade were critically examined and adjustments made for devaluation and price changes, it would show little improvement from that worst year of 1932. In any event has it been solved?

And there is the stabilization of international currency upon which the expansion of farmers' markets greatly depends. The Republican negotiations were repudiated. But has the problem been solved?

And there is industrial peace. Let us look at the record. During the three depression years of the last Republican Administration less than 16 million man days were lost in strikes and lockouts. About 54 million were lost in the first three years of depression under the Roosevelt Administration.

Has that problem of industrial relations been solved?

There is another phase of this national discussion. That is the New Deal habit of offering great nebular objectives and promises without

telling the method to attain them. It makes easy and soothing oratory. There are certain objectives upon which we would all agree. I should like to see every American have a safe job which supported his family in complete comfort and security. I should like to see him own his own comfortable home or farm. I should like him to have a vine, a fig tree, a radio, an automobile and all the other gadgets. I want to see him protected in old age. I want to see his children given just as much education as they can take. I want them to be surrounded with every public protection including good government. And above all I want to see every American free from oppression and fear of the future.

Probably two-thirds of American families have these things now. That is more than in any other nation. We want them all to have these blessings.

May I ask will the New Deal methods so far demonstrated take us to those ends?

Time prevents further exploration.

I have from time to time suggested progressive solutions to many of these problems. But here let me add that when a man is about to drive over a precipice the first constructive suggestion is to tell him to stop.

And I would be glad if the thinking American people would soberly consider if the Republican Elephant even though he has made mistakes is not far more surefooted toward recovery and progress than the bounding white rabbits of the New Deal. I recommend that magician's animal as the symbol of the New Deal party. It travels in uncertain directions at high speed. It multiplies rapidly.

#### PART V

There is one issue that transcends all others. That is the issue of American Liberty. In the last campaign we charged these men with the intention to introduce these foreign creeds of regimentation, socialism, and Fascism into America. They denied it. No proof is needed after three years of these attempts at so-called Planned Economy; this government in business; this breaking down of constitutional safeguards by centralization of power; this reduction of Congress to a rubber stamp; this substitution of personal government of men for government of laws; and these attacks upon the Constitution.

The American people have a right to know and to know now whether the New Dealers will abandon these attacks upon the American system. They should stand up and repent or they should defend their intentions.

This economic system will change with time. The Constitution will change.

But there are the immutable principles of ordered Liberty that cannot be allowed to die in America. From that alone can come economic security and prosperity. That made the character and self-respect of Americans. For in Liberty is the spirit of independence. Independence among nations, yes. But there is far more than that. From ordered Liberty comes personal independence. That was the American dream. That was given us by the God of our fathers.



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# The Obligations of the Republican Party to the American People

*Address of the Honorable Herbert Hoover  
Before the Republican Women of Pennsylvania*

PHILADELPHIA, PENNSYLVANIA

May 14, 1936

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## PART I

In addressing an organization of women let me say at once that I have never believed the understanding of governmental problems differed in women and in men. But many years of observation have taught me that women have a keener perception of morals in government. They have a greater conscience in national ideals.

During the past year I have devoted myself to debate and the exposure of the New Deal for what it really is. I have done so solely because the republic is in great peril. These men have set forces in motion which unless they be stopped will lessen the living and happiness in every cottage. They will shrink the chance in life of every boy and girl.

I have offered constructive American alternatives. The President recently in addressing the youth of our nation advised them "to dream dreams and see visions." I have advised them to wake up.

The radio has carried these speeches into tens of millions of homes. The newspapers have printed them in tens of millions of copies. Thousands and thousands have written, opening their hearts to me, in passionate cry that we quicken this attack.

But the exposure of the New Deal is only one-half of the battle. The people are rightly demanding to know what we propose to do.

The Republican Convention will assemble in a few weeks. The Republican Party is the only available instrumentality through which an aroused people can act. The Democratic Party is imprisoned by the New Deal. We should dismiss all factional issues and invite those Democrats who feel as we do to join us in faith that we have but one purpose—that is to place the republic on the road to safety. The platform must be more than a party platform. It must be a platform for

the American people. Upon the determinations of the Convention will depend the fate of a generation.

The bare planks in the platform can be composed on a sheet of paper. They should be composed in the fighting words which the times demand. But behind these words must be the determination to restore American liberty and to revitalize American life.

Nor can we define our problems in the vague and distorted phrases of conservatism, liberalism, or radicalism. Those expressions mean nothing unless you precisely define them each hour. Our job is bigger than dialectics.

It would be far better that the party go down to defeat with the banner of principle flying than to win by pussyfooting.

## PART II

The grim danger that confronts America is the destruction of human freedom. We must fight again for a government founded upon ordered individual liberty and opportunity that was the American vision. If we lose we will continue down this New Deal road to some sort of personal government based upon collectivist theories. Under these ideas ours can become some sort of Fascist government. In that case big business manages the country for its financial profit at the cost of human liberty. Or we can become some sort of Socialist state. In that case everybody gains as much as his greed for political power will bring him at the total loss of his liberty. I do not know whether Socialism or Fascism is the greater evil. I do know they are not the American dream. They have become the world's nightmare.

The President may deny that he intends to travel into a collectivist desert. But his policies are driving the people there. And many of his advisers glory in the progress already made.

In another 60 days the New Deal party will convene in this city, where American Liberty was first proclaimed. After Christianity, that was the greatest light which has ever flashed over the human horizon.

I trust those gentlemen will bare their heads before Independence Hall. Under the invisible presence of the men who founded a nation that liberty might live, they should apologize to the American people. Instead they will produce splendiferous alibis. But the spirits of Washington, Jefferson, Hamilton, Adams, and Franklin will judge their promises and their stewardship. These spirits may well wonder whence came these men, that they dare walk in such precincts.

The Republicans have not only to shake off these forces, we have to remove all abuses of liberty whether they were born before or since the New Deal.

Let me say this: The whole of economic argument, the whole of statistical evidence, the whole social argument becomes barren unless it is tested in terms of human beings.



This is a nation of men, women, and children, not a nation of railroads, machines, or land or economic abstractions. We must visualize it as a nation of homes. Indeed most problems of government are an enlargement of the problems of every household.

To restore liberty and progress the Republican Party must furnish the country a program which covers:

A restoration of morals in government.

A revival of confidence and courage in the destiny of America.

Real policies of economic and social regeneration in place of the New Deal extravaganzas.

Realistic, drastic, and immediate reforms.

### PART III

#### IMMEDIATE REFORMS

There are five horsemen of this new Apocalypse. They are Proficiency, Propaganda, Patronage, Politics, and Power. Their other names are Pork-barrel, Poppy-cock, Privilege, Panaceas, and Poverty.

As a result, after three years the number of unemployed is about as great as it was at election day in 1932. The agricultural problem is still unsolved. The business world has little confidence in the good intentions, or the sanity, or the integrity of our government.

There are certain steps that should be taken at once. I may summarize specific reforms I have already mentioned in public addresses.

This cataract of wasteful expenditure should be stopped. The budget must be balanced. The increase in debt must be ended. The gold standard should be re-established. These futile purchases of foreign silver should cease. The laws authorizing the President to inflate the currency and to gamble in foreign exchange should be repealed. Tinkering with credit inflation must be ended. We must stamp out that train of gunpowder. It leads to an explosion of inflation which itself alone would destroy any democracy. Genuine banking reform must be achieved. This horde of political locusts should be driven away. The spoils system should be extirpated once and for all. The Civil Service should be restored.

Return the administration of relief again to state and local non-partisan committees of leading citizens. Give them such Federal subsidy as meets the need of the unemployed. Take the favoritism of politics out of the bread of relief. By wise use of tariffs protect our farmers from this flood of imports. By wise use of subsidies find employment for our surplus acres in products we can use and can export. Restore foreign trade. Take the handcuffs off honest business. Stop the attempts to suppress free opinion. Obey the Constitution. Change it when necessary, but obey it. Give us a government of laws and not of men.

### PART IV

#### ECONOMIC AND SOCIAL REGENERATION

These are but the first moves to get these 12,000,000 people back into productive jobs, to make secure the farmer's livelihood and the ability of business to expand its payrolls. Beyond this, the Republican Party must present policies of social and economic regeneration.

The test of the welfare of the nation is the way the average man and woman must live, the conditions under which they work, the way they raise their children, the way they conduct their government. The concern of every decent man and woman is to lift these standards. The impulses to social welfare must come from the human heart, but its realization can come only from the intellect.

America was the first nation to question that the poor must be always with us. But unless these New Deal economic policies are reversed there will be only increased poverty.

#### ECONOMY OF PLENTY

The party should pledge itself to reverse the whole New Deal planned scarcity into an economy of plenty. When that is done we have to put in motion those economic forces that will secure wider diffusion of this plenty. The notion that we get richer and more prosperous by producing less is about as progressive as a slow-motion film run backwards.

#### DISTRIBUTION OF PROPERTY

The party should stand for a constantly wider diffusion of property. That is the greatest social and economic security that can come to free men. It makes free men. We want a nation of proprietors, not a state of collectivists. That is attained by creating national wealth and income, not by destroying it. The income and estate taxes create an orderly movement to diffuse swollen fortunes more effectively than all the quacks.

#### THE GOVERNMENT AND BUSINESS

The American system is a system of regulated business and compulsory competition. When government dictates to business or goes into business it has gone into the business of coercion and tyranny. It slows down production and employment and makes poverty. But the consciousness of inner rectitude which goes with this New Deal greed for power leads to visions of loveliness that can bewilder a people into the jumping-off place.

If we are to preserve democracy we must make the government the umpire of business. If the New Dealers would go to a few baseball



games they would learn that the umpire cannot play on the team and be an umpire. Bad business practices can be ruled off the field. But who is to umpire if the umpire is to pitch?

If the present powers of the Federal Government or the states are inadequate to protect the people from exploitation or monopoly and to prevent waste of natural resources, the Republican Party should have no hesitation in proposing constitutional authority to secure these powers.

The party must assure the country of more national resistance against high-pressure groups who would secure special privilege to the prejudice of the country as a whole. They have a right to present their needs and views. But the modern pressure tactics will disintegrate this democracy unless there is courage to resist them.

There are a multitude of other economic and social questions the sane solution of which means added security and added comfort to every home. The important thing is that the Republican Party must deal with them with forthright decision and with an open vision which befits a progressive nation.

I have discussed many of these questions elsewhere. There are three which are of special interest to women to which I might refer again.

#### CHILD LABOR

Every decent American agrees upon the abolition of child labor. Republican Presidents have progressively mobilized opinion against it. We did in 20 years decrease the number of children under 16 in industry—that is, outside of farming, from about 900,000 to less than 200,000 at the last census report in 1930. That was a decrease in proportion of about 70 per cent in 20 years. The President said that under the codes child labor went out in a flash. It was mostly a flash in the pan.

The Republican Party must pledge that it will really be done.

#### OLD AGE PENSIONS

Many states under normally Republican governments have given old age pensions for years. We should approve of Federal subsidy to the states to strengthen and unify their efforts. The contributory pension part of the social security acts will require radical revision. It covers only 50 per cent of the people. This revision must be done in justice to the farmers if for no other of many reasons. The farmers are omitted from its benefits, yet they will be called upon to pay. The reason is that the support of the scheme is a charge upon wages and industry which will sooner or later be passed on to the consumer. It will eventually add 5 to 10 per cent to the cost of living. The farmer will be paying as much as the worker and get nothing. The Republicans must find a sane plan of old age pensions,

#### HOUSING

I have for years been promoting better housing. The last Republican administration established the Home Loan Bank system and the R.F.C. provisions for slum clearance. That was the first governmental effort to better the financing of home building. The whole New Deal housing set-up needs reorganization. We must get the government out of the home mortgage foreclosing and house-renting business and give a genuine impulse to better homes.

#### PART V

##### NEW MAGIC FROM THE NEW DEAL

Since I last discussed these questions the New Deal has brought forth another new magic formula to reach the millennium. On April 25th President Roosevelt said: "Reduction of costs of manufacture does not mean more purchasing power and more goods consumed. It means just the opposite." The President elaborates its benefits and implies it is the base of his slogan for '36. If this word "opposite" means anything, then this statement says that "increased costs of manufacturing means increased purchasing power and more goods consumed." Most of the world has been under an illusion about this up to now. We had all thought that the way to enable the people to buy more was to use every art of technology and government to reduce costs and therefore prices, provided we held up wages and incomes to farmers and others. We had relied on such experiences as the automobile. We got about two-thirds of the world's automobiles because the production costs and, therefore, prices were brought down into reach of twenty million families.

At least we now know why the New Deal has imposed all their different devices of debts, taxes, restriction of production, juggling with currency, and a score of other methods of artificially forcing up costs and prices. The magic formula may also explain why we still have 12,000,000 unemployed. Certainly there is no joy for the consumer in this return again to Planned Scarcity.

If I were writing a bill of rights for women I should include something about her rights as a consumer. The woman does most of the buying. She has to make things go around. She has to do most of the saving. She has to protect the future. These artificial increases in the cost of living all decrease the amount she can purchase and save.

What of those women who must eke out the reduced buying power of these magic formulas?

Dr. Kemmerer, speaking in New York City a month ago, said: "We have already set into operation powerful inflationary forces which when they have ultimately worked out their influence on com-



modity prices will probably result in giving us a cost of living approximately double what it is today."

Over 40 million women are the beneficiaries of life-insurance policies alone. Sixty-five per cent of all savings accounts are in the names of women. There are some 63,000,000 women and girls in the United States. We have been accused of a few forgotten men, but the New Deal has forgotten all the women.

Lincoln said, "Don't swap horses in the middle of the stream." A school for Democratic ladies is repeating that advice. They should be sure it is a horse. My belief is that it is a white rabbit.

## PART VI

### MORAL REGENERATION IN GOVERNMENT

The Republican Party must face tasks beyond economic and social regeneration. There are tasks of moral regeneration. The Republican Party was born to meet a moral issue.

A nation is great not by its riches or buildings or automobiles but through the character of its people. The fibres of that are work, thrift, piety, truth, honesty, honor and fidelity to trust. I emphasize this before a group of American women because it is at the knees of American womanhood that the men of America have generation by generation learned these standards.

The first standard bearer of these virtues must be its government and public officials. But there is apparently a New Deal in virtue.

Every spread of bureaucratic control that makes men more subjective or dependent on government weakens that independence and self-respect. National stamina suffers by encouraging parasitic leaners whether on doorposts or governments. There is self-respect and dignity that marks free men.

Honor in public life begins with political parties. The people must depend upon political parties to carry out their will. When men are elected to high office on certain promises and those promises are cynically broken, how may we expect a citizen to feel the obligation of a promise and good faith?

There are standards of intellectual honesty in government. Framed propaganda and perverted figures mislead the thinking of the people. Pressures upon the press lead down the same dark alley. That is salesmanship, not statesmanship.

There are standards of gentlemen in government. The seizure by the government of the communications of persons not charged with wrong-doing justifies the immoral conduct of every snooper.

There are standards of financial honor in government. The New Deal devalued the dollar. Thus it repudiated the covenants of the government to those who had entrusted it with their savings. Senator Carter Glass on April 27, 1933, rightly said: "To me it means dis-

honor; in my conception it is immoral." If a private citizen had repudiated 41 per cent of his debt to the grocer by just telling him it was off, at least he would be removed from his church. He also would be expelled from Wall Street. The government cannot restore the dollar, but do such transactions build character in a people?

The New Deal administration ordered every citizen to bring in his gold coin and receive \$20.00 an ounce for it under penalty of jail. At the very time citizens were bringing in the small funds that many of them held against a rainy day, our government was paying \$35.00 an ounce to foreigners to purchase gold. If a private person were to coerce his neighbor into selling him something for less than it was worth, he would be sent to jail. If financial honor does not rest in the government, can we expect it in the people?

The Republican Party has never dishonored the government promise to pay. We must demand a return to financial honor in government.

### THE SPOILS SYSTEM

There is a gigantic question of morals in this spoils system. President Theodore Roosevelt said:

"The man who debauches our public life, . . . by the corrupt use of the offices as spoils . . . is a greater foe to our well-being as a nation than is even the defaulting cashier of a bank, or the betrayer of a private trust."

Recently I had opportunity to observe comparative morals in the spoils systems by a contrast between Tammany Hall and the New Deal. In a Tammany-dominated borough in New York in early 1933 before the New Deal, there were about 11,000 persons on relief. Tammany had appointed about 270 additional officials under their particular spoils system to manage the relief at a cost of under \$30,000 a month for the officials. This job was taken away from wicked Tammany influence and directly administered by the New Deal. At a recent date there were in the same borough 2,000 Federal officials appointed under the New Deal spoils system at a cost of \$300,000 per month for salaries to manage 16,000 persons on relief. Tammany may learn something new in the spoils system. It was only 10 per cent efficient. And the same thing is going on all over the country and you know it.

Can the American people be bought with their own money?

And does anyone seriously believe that when practically all of the people on relief over the whole country register Democratic that they are Democrats? We know thousands do not intend to vote the Democratic ticket. Does the action taken by these people to protect themselves from their own government make for character building and morals?

Does it improve national morals and character in our people when



they see huge sums being rushed into politically important districts two jumps ahead of an election?

#### FIDELITY TO PUBLIC TRUST

There is no fidelity higher than that owed by public officials to the Constitution and the safeguards of liberty in our government. That extends far beyond the letter of the law. It must be supported in spirit. Anything less is betrayal of trust if this republic is to live.

When the New Dealers' Convention meets near Independence Hall they will no doubt summon with powerful oratory over a hundred broadcasting stations the shades of that heroic Continental Congress. I trust at that moment the American people will remember what the New Deal has done to the Congress of the United States in these recent years.

The independences of Congress, the Executive, and the Supreme Court are the pillars at the door of liberty. For three years we have not had an independent Congress. We have not even had a good debating society. We have had a rubber stamp applied by presidentially inspired gag rule. That is not fidelity to the spirit of the Constitution.

For the first time in American history the word "must" has been directed to an independent arm of the government by the Executive. The NRA was enacted by the House of Representatives in six hours. The AAA was given eight hours.

These measures would have gone far to transform the whole of America into a Fascist state if they had not been set aside by the Supreme Court. Yet they had been operated for months in violation of the whole foundation precepts of democracy. Small business people have been penalized, people lost their jobs, and a thousand discouragements loosed in violation of the Constitution.

Great groups of people receiving some special privilege have been built up. When this privilege is denied by the courts then the New Deal has sought to incite these people against the court as a public enemy.

The parliamentary principle of control of the purse has saved liberty a hundred times over these last 300 years. It has saved the people from injustice in taxes many thousand times. So little is the New Deal Congress interested that it made only casual inquiry into what would be done with a whole 4 billion 800 million dollars in one lump.

There is also that gigantic secret fund of \$2,000,000,000, which was slipped to the President to operate in foreign exchange or to support government bonds on the market. Why, for the first time in American history, is there secrecy in government expenditures? Manipulation to support market quotations is properly prohibited to Wall Street under the Securities Act. There is little point of taking sharp prac-

ices out of private life and putting them into government. Is that a training in morals?

We have worried much in our history over the independence of the Supreme Court. We have more cause to worry over the independence of Congress. Congress has delegated its conscience.

If we examine the fate of wrecked republics the world over and through all history, we will find first comes a weakening of the legislative arm. It is in the legislative halls that liberty has committed suicide. For two hundred years the Roman Senate lingered on as a social distinction and as a scene of noisy prattle after it had surrendered its real responsibilities to personal government.

Sea lawyers may argue that these things do not constitute a violation of oath of office. Right-thinking people will hold that they are a breach of public trust.

#### PART VII

I want to see not only the restoration of liberty, not only economic recovery, not only solution of economic and social problems, not only a regeneration of morals in government—I want to see recovery of sturdiness, of courage and of faith in America. There is in every race some quality distilled from its racial life. Ours was the spirit of independence, of self-reliance, of devotion to duty in men and women. I have here a quotation from some country paper. I regret I have mislaid its source—but it breathes with honest Americanism.

"We (Americans) have been historically a self-reliant, vigorous, assertive people. We refused to stand for tyrants or tyranny in whatever form. We have depended on ourselves. We created our own opportunities. . . . We were not deterred by difficulties or defeated by disaster. We were resilient, courageous, fearless. We sought new worlds to conquer, obstacles to surmount, and success to attain. As a people we were firm, courageous, unconquerable. And now what are we? We want things done for us. We flinch or cave in in the face of opposition. We lack forthrightness and nerve to oppose things that are wrong."

The New Deal has not done all that, but some of it. We have for four years listened to a continuous defamation of everything that has gone before. Honest achievement of men has been belittled and attributed to improper motives. Things embedded in our patriotism are smeared with contempt. We are told we must surrender liberty for economic security. We are told that the frontiers of initiative and enterprise are closed. We are told that we are in ruins and we must begin anew.

People speak less today of the greatness of America. Pride in her achievement is weakened. There is doubt of her destiny.

We think of ourselves as poor and helpless. Yet with only 6 per cent of the population in the world we have more youth in schools



of higher learning than all the other 94 per cent. We have more laboratories dragging new secrets from nature than all the others put together. We have more developed mechanical power than all of them. We can produce more food and clothes and iron and copper and lead and coal and oil than any other country in the world. We now have nearly two-thirds of all the automobiles, radios, and bathtubs in the world. We have a larger proportion of people who own their own homes and farms than has any other nation. In a generation we raised the purchasing power of wages by 30 per cent and we knocked two hours off each working day. This has been achieved under private enterprise and free men. They could do even more in another generation. Women have ever taken a larger view of life than men. It is now the life of America that is in question.

Our trouble today is moral as well as economic. Is it not time we jerk ourselves out of this, and clean out the high priests of these heresies? Should we not defy a few Brain Trusts and restore the national virtues of thrift and honor and hard work?

Then the greatness of America will shine again.